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Cuba

Special TV Report Links U.S. Policies, Social Violence

FL0205114195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 2 May 95

["Painful Lesson" special report; from the "NTV" newscast]

[FBIS Translated Text] The number of victims in the criminal bombing of a federal building in Oklahoma City—the worst in recent years—is lamentable. To date, everything points to the U.S. far right. It is a case of internal violence, not imported or exported violence; the reflection of policies which today they feel in their own flesh.

Let us consider in general strokes the last 50 years of U.S. policies during which anti communist hysteria, chauvinism, and terror fostered a violent society.

It has been 50 years since American hands dropped atomic bombs in Hiroshima and Nagasaki.

This was followed by the so-called Cold War. What was McCarthyism but an accumulation of tensions and a true witch hunt? Remember the Rosenberg couple, put to death in the electric chair; or the Korean War, the yellow threat.

Could anyone deny that the Ku Klux Klan is the embodiment of the most retrograde, racist, and aggressive elements of that society? Martin Luther King was a victim of such elements.

The assassination of President John F. Kennedy, the man who approved the Civil Rights Law in the United States, marked a new peak in violence in the United States.

Certain analysts believe that Vietnam was a pressure valve which moved the upsurge of violence abroad because the far right could not accept whites and blacks having the same rights. Who can forget the genocide of the Vietnamese people?

What about the murder of Robert Kennedy, a candidate with great prospects to reach the presidency? Would he have let those who murdered his brother go free?

The most aggressive groups are in the open; fully armed and uniformed armies advocating ideas that range from neonazism to the craziest of ideas. Training ranges for mercenaries of all type, including Cubans, found fertile ground in the United States.

The CIA, the Pentagon, and the FBI prepared the perpetrators of how many hateful dictatorships? Is that not exported violence?

The long Reagan period, minute by minute, was used to exacerbate nationalist and conservative feelings.

Was Waco, Texas, not an expression of violence between fanatics and the police?

For years, revolutionary movements were accused of promoting terrorism, and yet, terrorism was engendered at home under the shadow of the Statue of Liberty.

Drugs, pornography, and high crime rates in large urban areas speak of the disenfranchisement of the people in a country which some describe as a dream land.

Its own movie industry bears witness to the monsters created: The same government that trained me to kill, trained you to protect. [From the movie "Blown Away"]

Today, the American people are in shock, and with good reason. The lesson has been painful.

[Entire report is accompanied by dramatic music and video footage of each and every point in case.]

Commentary Likens 'Extreme Right' in U.S. to Nazi Germany

FL0105202095 Havana Radio Rebelde Network in Spanish 1630 GMT 1 May 95

[Commentary by Carlos Iglesias from the "NTV" newscast]

[FBIS Translated Text] The U.S. Congress is scheduled to begin debate tomorrow on the anti-Cuban bill proposed by Senator Jesse Helms and Representative Dan Burton, which prompts much contemplation. The U.S. Extreme Right seeks to internationalize the blockade against Cuba, but until now, has met only with general opposition. Voices opposing the group represent the majority of humanity, and have been heard for the last three consecutive years at the UN, as well as at the recent meeting of Nongovernment Organizations in [name indistinct]. U.S. allies such as Canada and Mexico have confirmed their rejection of such a policy. The Helms-Burton Bill is part of the U.S. conservatives' offensive. Examples of this mindset are California Law 187, or the call to militarize the U.S.-Mexican border which, along with others, are events similar to those in Nazi Germany. This escalation has now led to an attack on a federal building in Oklahoma City by members of the so-called Michigan Militia. The attack has left over 100 dead and many missing. There are numerous parallels between this drama and the Fascists' burning of the German Parliament in the early 1930's. The annexationist nature of the Helms-Burton Bill flows in a similar direction and aims to tilt the balance of power among the executive, legislative, and judicial branches in favor of those who President Clinton has described as shrill, angry voices.

Cuban Movement for Peace Opposes Helm-Burton Bill

FL0105161995 Havana Radio Rebelde Network in Spanish 2300 GMT 28 Apr 95

[From the "Exclusive" program]

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[FBIS Translated Text] The Cuban Movement for Peace and People's Sovereignty has issued a statement opposing the Helms-Burton bill. The statement spotlights two elements of this legal, political, and moral monstrosity that has been publicly condemned by the Cuban people. One seeks to topple the government, and impose a system of government that responds to Washington's interests and dictates, and the other calls for the return of all properties nationalized by the revolutionary government to Cubans living in the United States. Orlando Fundora, president of the Cuban Movement for Peace said this regarding Senator Jesse Helms:

[Begin Fundora recording] This man rabidly opposed the civil rights movement in the United States, and the elimination of racial discrimination throughout the long history of the struggle carried out by the best of the American people. He opposed all laws that produced social benefits, or anything progressive; for example, the law with a provision to [word indistinct] for school children. [end recording]

Helms, decidedly fascist, has been a party in dangerous friendships.

[Begin Fundora recording] This man was an intimate friend of politicians in countries like El Salvador and Guatemala who supported death squads. He was a personal friend of D'Aubuisson and Pinochet. [end recording]

Interview With Revolution Commander Almeida Bosque

FL0105154395 Havana Radio Rebelde Network in Spanish 1304 GMT 1 May 95

[Interview with Commander of the Revolution Juan Almeida Bosque by Radio Rebelde Correspondent Manolo Garcia on the occasion of Worker's Day celebration at the Calixto Garcia Plaza in Holguin Province—live]

[FBIS Translated Text] [Garcia] Good morning, commander.

[Almeida] Are you going to interview me now?

[Garcia] No, we just wanted to hear...

[Almeida, interrupting] Let me see some of the ceremony before I comment about it.

[Garcia] Those were the exact words of Army General Raul Castro in the capital—but we wanted to get your impression on the first images of the parade.

[Almeida] I have not seen anything yet. [chuckles] Let me see some more first. Later on I will give you my impression.

[Garcia] Perhaps then, at the conclusion we might be able to converse through Radio Rebelde.

[Almeida] Sure, at least briefly.

[Garcia] Well, you have just heard Commander of the Revolution Juan Almeida Bosque, together with the main leaders of the party, the state, the ministry of the Revolutionary Armed Forces [FAR], our Eastern Army, heroes of the Republic of Cuba, participate in this central ceremony in Holguin Province marking 1 May.

Raul Castro Recalls Pre-Revolutionary Workers' Day

FL0105155595 Havana Radio Rebelde Network in Spanish 1255 GMT 1 May 95

[Interview with Army General Raul Castro Ruz by an unidentified Radio Rebelde correspondent on the occasion of the 1 May activities at the Central Park—live]

[FBIS Translated Text] [Castro] My impressions of the 1 May activities? It is a bit early because they have not begun yet. We will see how it goes in just a few minutes. I am here waiting for the arrival of the parade which began at Parque de Fraternidad, headed by Pedro Ross Leal, secretary general of the Cuban Workers Federation [CTC], and other party leaders.

On the way here I was telling Comrade Vilma [Vilma Espin], who was Radio Rebelde's first director in 1959, that I like the parades more than the rallies, but on this occasion it is necessary to read the call for the next CTC Congress. I was thinking that, as a student I had the opportunity to attend a congress in Austria in 1953, prior to the Moncada—at the time this country was still occupied by the four powers—a congress summoned to discuss the democratic rights of the youth.

Upon my return I was surprised by a maritime transportation workers' strike that lasted several weeks. I was traveling by boat. I had to wait there several weeks and on 1 May, I participated with the French workers in the Workers' Day festivities. I was later able to return to Cuba via Italy. When I arrived in Cuba, I was arrested and beaten for the sole crime of having visited a Socialist country which in this case was Romania. I was thinking about this on the way here.

Today, in midst of the difficult situation that we maintain, the mere fact that we celebrate 1 May with such a combative spirit throughout the country is a great encouragement for all of us who are no longer the young ones. We are young but not too young.

I was happy to see Radio Rebelde's mobile unit here next to the stage. On one occasion I was a collaborator to Haciendo Radio, and I am still one with this pre-speech but I do not want to extend myself too much. I will now give the microphone to Vilma. All right?

Raul Castro Addresses FAR Civilian Workers Final Session

FL0205000495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 30 Apr 95

[From the "NTV" newscast]

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[FBIS Translated Text] Revolutionary Armed Forces [FAR] Minister Raul Castro Ruz has presided over the closing session of the 6th Congress of the FAR Civilian Workers Union, which took place in Havana City's Universal Hall. Other Politburo members, high-ranking officers, and foreign delegations also attended the closing session. One of the Congress' most significant moments was Raul Castro's address, again ratifying the character of Cuba's Revolution.

[Begin Castro recording] The enemy is always talking. There is always some type of workshop, as they call it, going on. There is always some kind of meeting going on in the United States, with professors or Cuban experts in attendance. In the last year, the main theme has been the FAR. What will the FAR do during the transition? I have no idea what transition they are talking about. We see it very clearly: We want a transition to improve and enhance our socialism, [applause] not a transition—as they would have it—that would send us backward toward capitalism. This is quite clear. There are some—even Cubans—who comment on the Cuban project. I have no idea to what Cuban project they are referring. The Cuban project is called the socialist revolution, whatever kind we Cubans want. [applause] [end recording]

Later, during his address, Castro made reference to the FAR's position, which it will maintain within the Cuban system.

[Begin Castro recording] During the transition, the Army will be just as it has been. In our history, there have been three armies—better yet—only one Army, but with three different names. During the independence it was called the Mambi Army. Later, the sons of those soldiers called it the Rebel Army for the national liberation. Now, the grandchildren of the mambises are calling it the FAR. [applause] [end recording]

The Congress basically discussed improvement of the enterprises. Elements were presented of the systems implemented by the Military Construction Union and the FAR fish farms—areas in which most civilians work. The speakers emphasized that their successes are due to task organization, cost controls, efficiency, and bold decisionmaking. The Congress also addressed the relatively small progress made by the farms—due to the fact that they were the last to join the FAR—as well as other inconveniences, objective, and subjective. These farms nonetheless have almost doubled their production of only two years ago.

During the Congress' closing session, Simon Despaigne, who was injured by a mine while on duty as a border guard in Guantanamo, was named member of honor of the National Committee. Comrade Jose Antonio Roque was ratified as secretary general of the FAR Civilian Workers Union. Division General Ulises Rosales del Toro, FAR first vice minister, also addressed the participants during the closing session.

[Begin Rosales recording] It has been said that the 6th Congress would be our congress, the congress of all the members of the FAR, and it has been. It has been as if everyone—with or without a military uniform—were as one. This firm unity, cohesion, and common will—which are based on patriotism; political convictions; as well as loyalty to the party, to the commander in chief, and to the minister of the FAR—are our most invaluable treasures and the core of our strength. [end recording]

Later, Raul Castro attended a ceremony during which a group of workers and officers received awards for their outstanding contribution to the union.

Crime Fighting by PNR Reviewed During 3-Day Meeting

FL0205023095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 1 Apr 95

[From the "NTV" newscast]

[FBIS Translated Text] The level at which the National Revolutionary Police [PNR] confronted crime during 1994 is being debated during a three-day meeting in Havana City by the chiefs of the PNR from the 14 provinces.

To influence society's preventative systems, gain cohesion between the police forces and the Unified Vigilance and Protection System, and improve all the mechanics used to counter crime are some of the objectives being sought through this assessment meeting. The PNR General Directorate stated that it was very satisfied with the results obtained during the meeting.

[Begin Unidentified speaker recording] I think it has been positive, because of the issues discussed, their importance, the number of participants, and the seriousness of the meeting. Our starting point has been our practical experience. From there, we have looked ahead to see what we want to do during 1995. [end recording]

Through the proposals presented, it was very clear that it is necessary to confront problems on a broader level. That is the PNR's goal this year.

[Begin Unidentified speaker recording] We want to increase our levels of confronting problems and capture more delinquents through our work. This would mean more security. [end recording]

Human Rights Watch Mission To Meet With Officials, Castro

PA2904043695 Mexico City NOTIMEX in Spanish 1520 GMT 28 Apr 95

[FBIS Translated Text] Havana, 28 Apr (NOTIMEX)—Jose Miguel Vivanco, the Chilean heading an international human rights mission that will initiate an observation visit to Cuba today, said here the group will work "with absolute freedom" on the island.

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Vivanco, executive director of Human Rights Watch, said the investigations his group will conduct will be "careful," will last a week, and will be conducted "as rigorously, independently, and objectively as possible."

The four-member mission sponsored by France Libertes, a French organization, will visit eight Cuban prisons and meet with government officials and opposition activists according to the work agenda.

Vivanco said the delegation will look into the fate of a group of political prisoners included on a list whose final version is being drafted. He said: "We hope to have full access" to the prisoners.

Vivanco said: "We hope to be able to make positive and constructive recommendations based on Cuba's international human rights obligations, to help the Cuban people." He told reporters: "Do not ask us to pass any final judgment." This visit is aimed at finding out and gaining knowledge about the current situation as impartially as possible.

He said that the mission's trip is "a positive step" of the Cuban Government and that this is the first time Human Rights Watch as such has had access to Cuba.

Vivanco, who arrived in Havana yesterday, said his group will be meeting with Justice Minister Carlos Amat on Friday night and that he expects to be received by Cuban President Fidel Castro next week.

According to the French Embassy in Havana, the mission will also meet with Foreign Minister Roberto Robaina, Interior Minister Abelardo Colome Ibarra, and Attorney General Juan Escalona.

The other members of the group are expected here this afternoon. They are France Libertes Vice President Raphael Doueb, Daniel Jacoby, honorary president of the International Federation of Human Rights, and Pierre Micheletti, of Doctors of the World.

The Cuban Government's attitude toward the media in this case has been one of hermetic silence. Foreign Ministry Spokesman Miguel Alfonso has refused to state details of the visit and has said his office is "not prepared to make any announcement."

In an unusual move, Vivanco left the international airport in the company of a Foreign Ministry official through the "departures" area around midnight Thursday (0400 GMT Friday). Vivanco told the media: "Our activities are totally open and public." He added: "Our intention is to inform the people about our conclusions."

He continued: The visit to Cuba "is just one more mission" of Human Rights Watch, one just like "the many investigations on human rights" the organization carries out throughout the continent.

The visit was agreed in Paris in March during a meeting between President Fidel Castro and Danielle Mitterrand, wife of French President Francois Mitterrand, who heads the nongovernment organization France Libertes.

The mission follows a visit to Cuba in November 1994 by the UN high commissioner for human rights, Carl-Johan Groth, from Sweden, whom the Havana government has accused of producing a biased report.

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Official Sources Cited on Natural Gas Reserves

PA3004041795 Mexico City EL FINANCIERO in Spanish 28 Apr 95 p 12

[Report by Eva Lozano Estrella]

[FBIS Translated Text] Official sources consulted by this newspaper have admitted that the imminent privatization of the transportation, storage, and distribution of natural gas allows one to foresee a guaranteed supply to the United States, therefore, the idea from now on is to create the necessary infrastructure to export the product once the time arrives.

These sources have said Mexico has a proven gas reserve, 69.7 trillion cubic feet, that represents 54 years of production compared to 9.5 years in the United States; thus, the country will become a potential net exporter in the long term.

The 13th place Mexico occupies in world gas reserves, which represent 1.5 percent, permits the U.S. Department of Energy to forecast that Mexico could become a net exporter of natural gas to the United States near the year 2010.

Independent of this finding, official sources consider as more necessary and urgent the participation of private capital in these activities, given the reconversion of electric generating plants to burn natural gas and the retooling of the new plants with combined cycle technology will require investments approaching $4 billion, between 1995 and the year 2005.

The sources have said approximately 600 million cubic feet of natural gas alone will be needed to start the combined cycle projects at Merida III, Samalayuca, and Rosarito.

This change in policy to substitute fuel oil and diesel will promote an increase in the demand for natural gas and will thus demand the adoption of new measures, primarily because the projects to generate fuel that will be built by the private sector in the future will most certainly require the supply of gas on a long-term basis, between 15 and 20 years, due to their magnitude and technology.

In general terms, the growing demand for natural gas implies an increase in the supply by approximately 2 billion cubic feet, 80 percent more than in 1994, by the year 2005. Thus, it is urgent to increase the amount of pipelines and their transport capacity with new storage and pumping stations, which will demand substantial investments.

In this sense, it is estimated the resources needed to increase the amount of pipelines and the compression capacity amount to $2 billion, excluding the exploration and production works that must be furthered so as to be able to increase the offer of natural gas.

On another issue, with the approval by the Congress of the Union of the law regulating Article 27 of the Constitution, the activities of Pemex Gas (PG) and Basic Petrochemicals (PB), whose main task is to process, transport, distribute, and sell natural gas and liquids as well as hydrocarbon byproducts prone to be used as basic industrial raw material, will decrease significantly.

Said to be one of the largest gas industries in the world because of its installed capacity, PG and PB occupy fourth place, surpassed only by Arco, Saudi, and Amoco.

Because of the length of its installed pipelines and the volume of gas conveyed, the subsidiary occupies 14th place and is also the first producer of ethane worldwide.

The main installations, which are part of PG and PB assets—pipelines, processing plants, and stations—were built in the 70's and the beginning of the 80's.

The productive infrastructure to produce natural gas comprises 64 processing plants located at 10 work sites. Of those, seven have a sole administration: Cactus, Nuevo Pemex, Ciudad Pemex, La Venta, Matapionche, Reynosa, and Poza Rica. The remaining three: Cangrejera, Morelos, and Pajaritos, are managed through a liaison unit that coordinates support services with Pemex Petroquimica.

Banks Adopt Program To Reschedule Mortgage Loans

PA0205025395 Mexico City LA JORNADA in Spanish 28 Apr 95 p 51

[Report by Gustavo Castillo Garcia]

[FBIS Translated Text] Jaime Gavito Mohar, vice president of the National Banking Commission (CNB), has announced that in the next 10 days this institution, the Mexican Banking Association (AMB), and the Finance Secretariat will sign two programs to reschedule mortgage loans amounting to 7.6 billion new pesos, which will be negotiated in investment units.

Gavito Mohar, who participated in a ceremony to swear in the president of the National Federation of Industrial Housing Promoters (Provivac), said that "as of this date, housing promoters can contact credit institutions to reschedule debt."

At the meeting, which was attended by builders, housing promoters, government officials, and authorities, Gavito Mohar said the two programs contain two general components: the program to support the productive plant, and the program to support mortgage loan creditors.

He said that the 7.6 million new pesos will be earmarked for projects already under construction and for which credits were granted before 31 December 1994, as well as credits already individualized for which no funds were available.

In addition, the AMB vice president [as published] said that indebted housing promoters will be able to

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reschedule their loan portfolio to meet previous commitments within the framework of the program to support the productive plant.

Regarding the individualization of credits, he said that this could take place in a year, but the terms established by the program to support the productive plant offer six options in investment units, meaning that they will be payable in one to 10 years with a seven year grace period.

He also said that each bank will apply its real rate and that each credit institution will contribute with up to 10 percent while the credit is individualized. At the same time, the loan portfolio will be rescheduled, and housing for which credits were granted before 31 December will be finished. He said that the rescheduling will be made without commissions and that only expenses will be reimbursed, while in the case of individualizations, no fees will be charged for the transaction.

Ramon Tellache Bosh, a Serfin representative who spoke on behalf of ABM President Jose Madariaga, said the construction sector is important not only because of its direct contribution to the GNP but also because of the significant effect it has on other productive sectors.

He said that during 1994 this sector had a real growth rate of 8 percent, with investments of approximately 40 billion new pesos. Credits granted by banks increased the portfolio above the 21 million new pesos mark.

He added that in 1994, a larger number of banks, especially banks with a regional scope, participated in this program, which reduced the concentration of finance operations in a few banks.

New Provivac President Jose Carlos Cota Arce said that so far this year, the strong contraction of financial resources and the suspension of public and private projects as a consequence of the economic crisis resulted in the loss of more than 600,000 jobs in the housing construction sector.

Provivac proposals for this year include reducing bank capitalization on mortgages, extending the investment units mechanism to restructure the credits receivable portfolio, implementing a fiscal credit in favor of mortgage debtors, and exempting the purchase of residences from the value-added tax.

SCHCP Sets Deadline for Debt Restructuring Via UDI's

PA2904023995 Mexico City LA JORNADA in Spanish 27 Apr 95 p 47

[Report by Raul Llanos Samaniego]

[FBIS Translated Text] The Secretariat of Finance and Public Credit (SHCP) has set 31 July 1995 as the deadline for commercial banks to restructure the overdue business portfolio through the Investment Units (UDI's) system. Nevertheless, the main obstacle for this mechanism's success is a lack of information among most of the country's entrepreneurs.

It was none other than the owners of the smaller businesses—businesses that comprise 90 percent of the nation's producers—who requested a delay in the implementation of UDI's in order to better understand them and prevent them from failing, much like the zero coupon bond failed.

Nevertheless, businessmen were warned by the reprivatized banking system that UDI's are not "tailored" to their needs, and therefore, they will have to adapt to their rules of operation.

Yesterday, bankers responsible for UDI operations and representatives of micro, small, and medium-sized businesses that need UDI's met for the umpteenth time at the National Association of Manufacturers (Canacintra) offices to discuss the pros and cons of this system of liability restructuring.

Roberto del Cueto Legaspi, assistant director general of Banamex [National Bank of Mexico], and Javier de la Calle, director of Banamex's Credit Division, were tasked with responding to manufacturers' complaints and questions on the way in which UDI's will work.

Despite their efforts and the three hours they had to reply to the greatest possible number of questions from the industrialists, the bankers left pending more than 140 questions from entrepreneurs from across the nation. In turn, a great many of the 200 attendees at the Canacintra auditorium left the session without their doubts being dispelled.

The most often asked questions among the entrepreneurs in attendance were: Are additional guarantees required? Will previously agreed interest rates be adjusted? Will the rates depend on the earnings businesses make in order to qualify for UDI's? What benefits will those who have fulfilled their bank credit commitments receive? What will those who have dollar debts do? When will these restructuring mechanisms be operable? Later, some registered their complaints concerning the lack of know-how among various bank executives on the way UDI's operate. They demanded that UDI implementation be delayed, because, according to the industrialists, it would be "better to delay them a bit, but apply them successfully, and not hurry the process and make mistakes that could lead to failure."

Del Cueto Legaspi again explained that this instrument takes time to understand and handle correctly. He said: "We are working intensely. The formal part of the plan is practically finished, and UDI's will be a reality this week or next at the latest."

De la Calle expanded on this and explained that treasury authorities have asked banks to deal with the greatest possible number of restructuring cases before 31 July and use up the 76 million new pesos assigned for this. In reply to various questions, he said the rules that regulate

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UDI's cannot be changed to conform to each business' financial problems. UDI's "will not be specially tailored" to the needs of industrialists.

Housing Market Drops 70 Percent During 1st Quarter

PA2904032495 Mexico City EL FINANCIERO in Spanish 26 Apr 95 p 27

[Report by Maria de Jesus Osterroth L.]

[FBIS Translated Text] During the first quarter of 1995, the housing market dropped 70 percent as a result of the Mexican economic crisis.

Carlos Cota Arce, incoming president of the National Federation of Industrial Housing Promoters [Federacion Nacional de Promotores Industriales de Vivienda—Provivac], has said there was also a deficit during this period of 90,000 homes, which is expected to rise to 120,000 by the end of 1995.

To date, 700,000 projects have been paralyzed nationwide (including land and homes). Although the investors' losses have not been quantified, it is estimated the Mexican treasury will fail to receive 900 million new pesos from this sector.

Unlike 1995, there was an upsurge in this sector in 1994, when 350,000 homes were built, 80 percent of which were built by Provivac.

At a news conference, Cota Arce said there are 140,000 homes throughout Mexico, either finished or near conclusion, that were planned, according to the conditions given in 1994. These homes have not been finished, however, let alone sold because of the prevailing economic situation (high interest rates, the VAT [value-added tax] increase).

Given this situation, Provivac has made a series of proposals to the authorities of the Finance and Credit Secretariat to reactivate this sector, such as establishing a tax credit, reducing the banking capitalization level for mortgages, a zero VAT rate for the transfer of housing property, and tax incentives for the construction of rental homes.

Conference Addresses Crises in Social Security Systems

PA2904184095 Mexico City EL FINANCIERO in Spanish 27 Apr 95 p 38

[FBIS Translated Text] According to the final document issued by participants in the conference on "Social Security in Ibero-America at the Turn of Century," the state should guarantee and seek broader social security for less privileged sectors such as peasants and the so-called informal sector of the economy. This is an inalienable right of human beings.

The conference was organized by Elvira Contreras Saucedo, secretary general of the Inter-American Conference on Social Security (CISS). The vice president of the CISS and Luciano Oliva Patricio, Brazil's minister of prevention and social assistance, read the final document.

Experts from several countries in America and Europe suggested that the crisis in the social security system is the result of many factors, including the negative effects of economic globalization, an increase in the unemployment rate, the expansion of the informal sector of the economy, and changes in demographic variables.

This exchange of ideas, which lasted three days, produced the conclusion that while most European social security systems have matured, the Latin American systems have just aged and are now faced with the challenge of growing at the same pace as the new stage of economic development, which includes the growth of the informal sector and the development of small and microenterprises.

They established that on our continent, the social security debate is very extensive and generates disagreements along with positive aspects such as interest in implementing changes in institutions to ensure their future existence; the awareness that social protection in the future will not be an exclusive responsibility of the state; and the awareness that the government cannot keep granting benefits that are not properly financed.

It was explained that the solution to the crisis faced by institutions should be reached through a more open dialogue with the participation of all sectors, since all of them should assume their responsibilities.

Another conclusion was that social security is an ineludible duty of the state and that delegating duties rather than privatizating should be discussed because it can lead to an increase in the rate of domestic savings that will promote economic growth and job creation.

Regarding the Mexican Institute of Social Security, it was recognized that this institution has modified its legal framework and is undergoing an administrative reshuffle to produce major improvements that will reduce costs and increase efficiency, productivity, and the quality of services.

The forum attendees proposed a financing plan for Health and Maternity Insurance that promotes formal employment; does not increase current payments; has a clear goal and straightforward implementation; enables extension of coverage to include the informal sector of the economy; and earmarks federal government resources for care of individuals who are unable to pay social security in order to achieve universal coverage.

Manufacturers Facing Worst Recession in 15 Years

PA2904021395 Mexico City EL FINANCIERO in Spanish 24 Apr 95 p 40

[Report by Marcos Chavez M.]

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[FBIS Translated Excerpt] In 1995, manufacturing companies are facing one of their worst recessions in the past 15 years—a recession that could surpass the 1983 collapse when overall production fell 4.2 percent. This would wipe out the efforts to "modernize" manufacturing carried out in the past six-year administration, and it could accelerate the disintegration of the sector's overall structure, according to an assessment by EL FINANCIERO from data supplied by INEGI [National Institute of Statistics, Geography and Information Science], Banxico [Bank of Mexico], and private sector sources.

Several indicators show manufacturers are facing a bleak future: a 28.8 percent decline in real annual retail sales during February, as well as a 28.8 percent drop in purchases by retailers and a 24.1 decline in purchases by wholesalers; the high interest rates that could average 100 percent during 1995; a complete loss of salary increases enacted up until the last minute because of inflation and tax increases; the risk of bankruptcy of nearly 2 million small and medium-sized companies; the inability of more than 4 million credit card holders to pay; and payment problems encountered by 79 percent of all bank customers (30 million people).

These factors will result in heavy losses in both sales and profits, as well as greater payment problems for manufacturing firms.

Practically none of the divisions that make up the sector will escape the recession. The most serious collapses will be experienced in the textile, wood, paper, and chemical industries, as well as in others.

In terms of jobs, in the first two months of the current government's tenure, manufacturing jobs fell 3.1 percent—a decline of just more than 26,000 jobs (424 per day). As of now, more than 100,000 jobs may have been lost—nearly 12 percent of all jobs that existed in November—considering the deterioration in production has gathered steam within the past few months. This is projected to worsen between May and September, when the economy should officially hit the bottom of the economic cycle.

The hardest hit industries in terms of employment in the first two months of the administration are: machinery and equipment, with losses of more than 12,000 jobs (4.8 percent of the total jobs in November); foods, 4,679 (2.5 percent); textiles, 3,124 (3.3 percent); and chemicals, 2,354 (1.5 percent).

The industrial crisis implies the demise of the economic project implemented since the last decade. [passage omitted]

Taxation System Inequities Identified

95CA0205A Mexico City REFORMA in Spanish 20 Apr 95 p 10A

[Commentary by Juan Molinar Horcasitas, researcher at the National Autonomous University of Mexico's Social Research Institute: "Noyola, the Tiger, You and I"]

[FBIS Translated Text] Deputy Secretary Pedro Noyola was racking his brains at a People's Forum on the Federal Government's Income Policy when he said it straight out: "The level of the VAT [value-added tax] is low." You read it right: "The level of the VAT is low." The recent increase in the VAT from 10 to 15 percent was apparently insignificant to Deputy Secretary Noyola. As a result, he "came out in support of increasing taxes in keeping with financing needs and international standards, for the purpose of backing Mexico's development goals."

In support of his statement, Noyola presented a string of extremely interesting data. For example, he noted that while in Mexico the VAT is only 15 percent, the rate in Chile is 18 percent and in Denmark, 47.8. This is all very well, but one should also compare what the Danish and Chilean Governments do with the money collected from their people. In the case of Denmark, the comparison itself is annoying, but it is Noyola who made it! It is absolutely true that the Danes pay far more taxes than the Mexicans do and, we might add for the sake of comparison, the Swedes, Dutch and Swiss. However, it is also true that the citizens of those countries enjoy an enviable social security system offering universal coverage and extraordinary quality, in addition to unemployment, enviable public services, honest police forces and systems of education enabling them to remain among the most developed countries in the world. In short, they do pay more, but they receive more, far more, in exchange. Or does Noyola actually want Mexico's tax burden to rise quickly to the level of those countries? Would Noyola be ready to guarantee that we Mexicans would, for our taxes, receive public goods and services comparable to the standards of those countries? I suppose Noyola would answer "No" to both questions. I imagine that the case of Denmark was brought up for the sole purpose of setting up parameters of comparison. However, we must not forget that since we joined the OCDE [Organization for Economic Cooperation and Development], ie., the "club of the rich," we should actually establish our parameters of comparison with respect to developed rather than poor countries.

Nevertheless, it probably makes more sense nowadays to compare the case of Mexico with Chile, inasmuch as while that South American nation is much smaller than Mexico, its levels of economic development are relatively similar or at least closer to ours than to those of developed countries. In addition, Mexico and Chile recently established a commercial treaty that brings them together economically. Once again, we should ask ourselves what the respective governments have done with the resources they extracted from their societies. If we compare rates of growth, inflation, unemployment, school enrollment, or almost any other economic indicator, we will find once again that the Chileans have received much more for their taxes than we Mexicans have for ours.

Consequently, it seems to me that, all things considered, and however worthy of consideration Noyola's proposals

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may be from the standpoint of economic theory, they should be adjusted to the harsh restrictions which Mexico's politics and social reality impose. Our public servants should begin in earnest to present the problem to us the other way around. In other words, rather than attack our shortcomings by trying to raise our taxes to the level of developed countries, they could try to provide us with the public goods and services that would correspond to our current tax levels. Once they do that, it would be acceptable to think about taxing us more heavily!

Furthermore, the tax issue is more complex than that. To be the least bit fair to Deputy Secretary Noyola, one must admit that he himself says so. The newspaper item from which I have taken his words (REFORMA, 12 Apr 95, Business Section, p 1) reports that according to Noyola, another of the serious tax problems we face is inequity. Indeed, as the deputy secretary says, a person in Mexico who makes more than 4.5 minimum wages pays a marginal tax rate of over 32 percent. I would add that in many typical middle class cases, that marginal rate is nearly 50 percent, meaning that large sectors of the middle classes pay half of their income into the Treasury via the income tax, VAT, social security contributions, duties, services and special taxes. Half of one's income puts us on a level with the Danes, but the Mexican middle classes do not live like Danes.

Indeed, in Denmark, which is one of the countries used for his comparison, a person who earns the equivalent of 4.5 minimum wages would certainly receive net transfers from the government, paying very few taxes and receiving various direct and indirect subsidies. In fact, a person making under 4.5 minimum wages would be considered poor in Denmark, the United States and Canada, which are our leading trading partners. In Mexico, however, such a person pays the maximum tax rate! One aspect worth considering: A person earning 4.5 minimum wages monthly certainly pays a formal tax rate equal to or greater than that paid by "Tiger Azcarraga" or "Carlos Slim." Are you not happy to learn that you are a member of such a distinguished club?

Drug Corruption of State, Society Seen

[Commentary by Mexico historian Jean Meyer: "Narcodemocracy"]

[FBIS Translated Text] This is the title of Silvana Paternostro's article on Mexico in the latest issue of a very serious publication, WORLD POLICY JOURNAL. We are still far from being a democracy, as we have not yet emerged from the famous democratic "transition" that began about 20 years ago, but modernization has indeed come to us in its "narcogenous" form. Colombia led the way, along with other Andean countries. Russia has begun to pursue the same course, so we find ourselves in good company.

This is a national problem involving security, the economy, and social morality. Ten years ago, in a meeting in the provinces, an official told his incredulous listeners that the drug traffic was winning the battle from the state in its social and geographic base: rural municipalities. On the map he pointed to the states in the drug *belt* stretching from Oaxaca to Sinaloa. He concluded that when the state became aware of the danger, it would be too late, the state would already have been infiltrated, penetrated, poisoned at the highest levels. Crimes of state, like the assassinations of Cardinal Posadas, of Luis Donaldo Colosio, of J. Francisco Ruiz Massieu, have allowed a glimpse of the connection between politics and the drug traffic, reported at the end of the 1982-1986 term and at the start of the last presidential term. The problem is that the battle is going to be very difficult, if it is possible at all. For in the meantime, drugs have permeated the entire economy and the social fabric.

All over the world the drug traffic has coopted capitalism, as it was able to coopt the "real socialism" of the USSR and Cuba. The methods of investing ill gotten money, of laundering drug money are identical, the routes followed are the same, and they lead to the same investments. In the end, the *narcos* find themselves in excellent company, and they represent a new version of "primitive capital formation," a new version of the 19th century's robber barons.

In less than 15 years, the entire world has begun to swim in the black waters of dirty money. Three mayors of France's ten largest cities are in jail or have been accused in similar matters. Political and business adventurers control and manipulate nonexistent companies of all sorts, preferably located in "tax havens." The tax evasion that initially flourished in these paradises was very innocent in comparison with their present activities; they serve as a gateway for money from crime into the world economy. Those companies, those offshore and sometimes inland banks (Tijuana, Guadalajara, Uruapan and many more) are only mailing addresses controlled by the mafia, by all the financial and political mafias.

Thanks to the international press, to some brave judges, and some very courageous police officers who are unselfish to the point of madness, we know about the activities of the mafia, about the drug traffic in all its aspects. The truth is that powerful industrial and financial groups, connected to the political world and to both state and private banks, have erased all the boundaries between legality and illegality, between business, politics, and crime, between private and public. So there is no longer any moral law left, and we should take the script of *Godfather III* seriously, and acknowledge that the mafia, or some *mafiosi*, may be interested in assassinating a pope, acting with the complicity of a cardinal, while other *mafiosi* may fight to save that pope. Might there not be some of this in the violent death of a Mexican cardinal which took place at the moment when the plane of the papal nuncio whom the cardinal was going to receive was landing?

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The *narcopolitical* and *narcocapitalist* octopus has spread its tentacles everywhere, from Monaco to Panama, from Abu Dhabi to Tijuana. French politicians caught redhanded stash their dirty money in a bank in the Caribbean, unreportable Mexican earnings are hidden in Central American construction companies, airlines, hotels and restaurants, the properties of fictitious companies created the very day of the crime. How petty our 19th century thieves were! How ridiculous our revolutionary thieves with their palms outstretched! They did not know how to connect the political parties to the financial pipeline, they did not know how to fuse together crime, power, and finance. All over the world, financial movements as constant as they are anonymous, as powerful as they are devastating, make a mockery of all controls and all borders.

When a Bolivian or Colombian *godfather* offers to pay a country's foreign debt, that demonstrates the scale of the problem. How many financial, commercial, and industrial resurrections, how many financial operations, real estate speculations, transfers of bankrupt companies can not be explained by the laundering of *narcocapital*? Everything is based on credit founded in capital investment bonds, the products of perfectly anonymous capital investments insured by the state, offered publicly by large companies and banks. And there are also the famous maquiladoras, whose profits can not be explained solely by the cheap local labor.

In such conditions, it must be acknowledged that declaring war on the drug traffic is merely hypocrisy, that the *combinnazione* is worked out at the highest level, that the failure of the fight against the drug traffic and criminal finance is programmed. Underdeveloped countries claim the right to produce drugs so they can emerge from underdevelopment; the developed countries consume drugs. Another circuit is connected to this one: the banks and financial circuits of the first world pump out dirty money from the drug traffic without remorse. For the *narcostates*, for our *narcodemocracy*, drugs are a real monetary instrument. After the sale comes the most important part, the conversion of "dirty" money into "laundered" capital. That is a true conversion, a monetary exchange. The high price of this exchange is the cost of the corruption of the state and of society. That is killing us.

'Colombianization' Possibility Cited

95CA0202B Mexico City REFORMA in Spanish 8 Apr 95 p 9A

[Commentary by Jaime Sanchez Susarrey, University of Guadalajara research professor: "Ominous Signs"]

[FBIS Translated Text] Zedillo *dixit*: "If there was a conspiracy, it was probably by people who wanted to incite political instability and disorder, to destroy our national unity and ruin the economy. They wanted to strike not only at Colosio, but also at Mexico—and that is exactly what has happened." (NEWSWEEK, 10 Apr 95).

An unusual statement because it was made for publication in a U.S. weekly newsmagazine and because—although the president uses the conditional—he is assuming that it was a conspiracy against the nation's political and economic stability. On what does he base such an assertion? He does not say, but there are only two possibilities: either it is a logical assumption, or the result of investigations by the PGR [Office of the Attorney General of the Republic].

In either eventuality, Zedillo went far beyond many PRI [Institutional Revolutionary Party] people who clung to the theory of a single assassin: the president's version establishes possible motives for the attack and in that way completes the investigations of Deputy Attorney General Pablo Chapa, who, based on the existence of two homicides, has strengthened the plot theory.

The president's statement was made amidst ominous signs, which could bear out the accuracy of his reasoning. A few weeks ago one of his sons was the target of an attempted robbery or kidnapping, but the timely intervention of the Presidential Staff warded off the attack and things did not go any further.

So far the authorities have explained the incident as a coincidence: the assailants did not know the intended victim was the son of the president of the republic. Ernesto Zedillo himself, in the NEWSWEEK interview, assumes that to be so, saying that this was not the first time such a thing had happened, and the only difference in this case is that his son was involved in the incident.

However, the source and methodology could carry multiple messages: 1) it must be emphasized that the persons responsible for the aborted attack were judicial police from the state of Mexico; 2) like the old mafia custom, the warning would be simple: if you bother us, we will go after your family; 3) and if instead of trying to block his path, the judicial police had used their weapons, nothing would have prevented the president's son from being assassinated.

There are a number of facts that could support that hypothesis: the investigations into the assassination of Luis Donaldo Colosio are still moving forward. During the course of the investigations new names and information have appeared that we did not know earlier. If that continues, within a relatively short time it might be possible to identify the intellectual perpetrators of that crime.

We now know: a) that the later elimination of Benitez Lopez, director of the municipal police of Tijuana, is connected to the case of Lomas Taurinas; b) that the action against Benitez was perpetrated by elements of the Federal Judicial Police who were assigned to Tijuana when the PRI candidate was killed. So the possibility can not be ruled out that more than one person may have seen the writing on the wall and decided to take action.

Proving a connection between the progress of the investigations and these new criminal actions is not easy, but

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it also can not be denied that this is a real possibility. It should be recalled that the first investigations of the Benitez Lopez assassination rejected a possible connection with the Colosio case.

Moreover, a few days after the aborted attempted robbery of the president's son, one of the investigators who was working with Deputy Attorney General Pablo Chapa was shot in a driveby shooting. Simple coincidence, or on the contrary, does that attack lay bare the true meaning of the robbery?

The confusion-attack-judicial police-drug traffic sequence has been repeated since the assassination of Cardinal Posadas in Guadalajara. For that crime on 24 May 1993, and with more than enough evidence, the authorities insisted on the crossfire theory until the pathologist eliminated that possibility. According to his public testimony, the prelate did not die in a crossfire, but from shots aimed at him.

Then the confusion theory was constructed. According to that hypothesis, the killers' intention was to murder "El Chapo" Guzman, but an unfortunate mixup about the place, time and vehicle (the cardinal was in a white Grand Marquis), in addition to the haste with which the actions took place, could explain that misunderstanding.

In addition to the fact that this hypothesis was never consistent, it is worth recalling that one month later, on 28 April to be more precise, another assault took place: Alvarez Farber, who had been a prosecutor in Sinaloa and who was about to be named deputy attorney general by Jorge Carpizo, was shot in Hundido Park in Mexico City.

In May 1993 almost nobody believed or wanted to believe that Mexico was on the verge of Colombianization. Nevertheless, since then bloody deeds have multiplied and the equation contains two constants: the judicial police and the drug traffic, and one unknown: politicians. An enormous amount of confusion and uneasiness have been generated on this problem, whose complexity is enormous. I will point out the most obvious: even though the assassins of Cardinal Posadas have not been arrested, we do know that at some time the papal nuncio met with the Arellano Felix family to discuss the matter. How should that be interpreted? What was the content of the conversation? Why was Mr. Prigione not summoned to the PGR to make a statement?

Another no less significant case involves Mario Ruiz Massieu. In addition to his presumed coverup, the deputy attorney general was accused of being connected with drug traffickers. That is no trivial matter. He was no more and no less than the prosecutor responsible for fighting the drug traffic, and a person connected to the first circle of power in the last presidential administration.

Although the authorities may not want to acknowledge this, the issue of the drug traffic is reaching levels similar to those in Colombia. The Ruiz Massieu *affaire* seems to be the tip of a huge iceberg. If so, the power struggle that we are witnessing is far from over. Violence is latent and could break out again anywhere, and at any time. The signs are ominous.

Cocaine Shipment Recovered From Veracruz Lake

95WB0035A Mexico City EXCELSIOR in Spanish 8 Apr 95 pp 5-A, 27-A, 28-A

[Article by R. Medina and R. Melendez]

[FBIS Translated Text] Personnel from the National Institute To Combat Drugs, in cooperation with the Mexican Army and Navy, the Federal Highway Police, the Federal Judicial Police, and Veracruz State authorities, confiscated over 5.5 billion new pesos' worth of cocaine base. It had been "bombarded" into Lake Camaronera in the municipality of Alvarado, where three presumed drug traffickers, apparently members of the Cali cartel, were captured. The aircraft carrying the alkaloid, presumably an Air King, managed to escape.

The Attorney General's Office reported: "Thus far, slightly over 900 kilograms of cocaine dropped over the aforementioned lake last Thursday night have been recovered. The presumed drug traffickers, Nicasio Campos Campos, Ubaldo Hernandez Campos, and Andres Utero Parra, are at the disposal of the Federal Public Prosecutor's Office. A pickup truck and a large truck with a 3.5 ton capacity were seized from them as well."

According to reports submitted to the attorney general, Antonio Lozano Gracia, the airplane on which the drugs were being transported, apparently carrying Colombian registration, entered the national territory shortly after 1800 hours. It was detected and pursued by aircraft from the Attorney General's Office, which were unable to intercept it or force it to land.

It was added that, while flying over Lake Camaronera, the King Air crew dropped dozens of packages of cocaine, the number of which has not yet been determined. They were picked up by the aforementioned drug dealers, who are now making statements at the Federal Public Prosecutor's Office.

The reports noted: "With the drugs in their possession, they loaded them onto the pickup truck with registration XN-19279, and the other truck with license plates XM-14290. Those now indicted attempted to escape, but were captured by Federal Judicial and Federal Highway Police, and Mexican Army personnel."

Upon inspecting the automotive vehicles, the forces in charge of the operation and investigation discovered two "giant bricks," weighing 909 kilograms, which are now being guarded by police agents and military authorities.

Based on instructions from their superiors, personnel from both the National Institute To Combat Drugs and

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the Federal Judicial Police, backed by the military, the Veracruz State Judicial Police, and the Federal Highway Police, are engaged in searching the lake's extensive area to locate more "bricks" of cocaine. They are doing so because the narcotics seized thus far are not believed to be all that were dropped by the "decoy" plane.

The authorities stressed that this was one of the largest cocaine shipments ever confiscated in the aforementioned state. They revealed that their counterparts in Central and South America have been informed of the incident, so that they might find the drug traffickers' plane in their respective territories. It is claimed to be an Air King, with Colombian registration.

Lozano: New Legislation on 'Laundering' Due

95WB0035B Mexico City EXCELSIOR in Spanish 8 Apr 95 pp 5-A, 28-A

[Article by Nelly Rejon]

[FBIS Translated Excerpt] Mazatlan, Sinaloa, 7 Apr—A proposal will be submitted to make "money laundering" an autonomous crime, so that it may be prosecuted more speedily and assuredly. This statement was made here today by Attorney General Antonio Lozano Gracia. [passage omitted]

He remarked that "money laundering" is an activity connected with the drug traffic, which could prove to be widespread. [passage omitted]

In the Eighth Naval Zone, Lozano Gracia presided over the incineration of 13.3 tons of marijuana. There, he stressed that the battle against the drug traffic will be reinforced in all areas, and that "the strategies will be handled with discretion." [passage omitted]

He emphasized that he is committed to fighting corruption and impunity wherever they exist. "We shall not allow crime to progress, especially the type harmful to the nation's security, such as that linked to the drug traffic. We shall deal with the latter using modern, advanced systems of organization, intelligence, and operation, and with the cooperation and joint responsibility of authorities on all three levels of government."

Participating in the forum opened here today by the PGR [Office of the Attorney General of the Republic] director were the office's representatives from Jalisco, Colima, Nayarit, Sinaloa, Durango, Coahuila, Nuevo Leon, Chihuahua, Sonora, Baja California, and Baja California Sur States.

Marijuana Hidden in Tar Truck Seized

95WB0035C Mexico City EXCELSIOR in Spanish 10 Apr 95 p 30-A

[Article by Manuel Cabrera Garcia]

[FBIS Translated Text] Ciudad Juarez, Chihuahua, 9 Apr—After an investigation conducted during the past 30 days, agents from the Attorney General's Office [PGR] today intercepted 6.5 tons of marijuana. The force's first commander, Francisco Jose Sanchez Naves, reported that the drugs, found in a tank truck with a double container, were worth over $11 million on the U.S. market.

He noted that this seizure brings the number of tons confiscated by the PGR during the past eight months to 33.5, worth $67 million. This sets a record for the antidrug battle in this area, according to the statistics kept by the same office.

The trailer truck, in clear view of everyone, supposedly was carrying tar, contained in a hidden compartment. The driver had already managed to pass through several Federal Judicial Police checkpoints since leaving his departure point, located in the town of Salamanca, Guanajuato; because, when the spigot was opened, tar came out. Nevertheless, when the truck was intercepted at km 44 on the Ciudad Juarez-Mexico City highway, the drug shipment was discovered.

The trailer truck, with Federal Public Transport license plates 353BC2, was being driven by Gonzalo Ortiz Sanchez, who was transporting the drugs in exchange for payment of 120,000 new pesos.

Ortiz Sanchez, aged 24, a native of the capital, Queretaro, claimed not to know the destination of the drugs, but said that he was heading for the city of El Paso, Texas, where someone was to pay him for his work.

The drugs were carried in a hermetically sealed tank belonging to the Universal Cargo Auto Transport line.

The subject in custody was taken to the local prison center, while the tractor truck, the tank carrier, and the drugs were placed at the disposal of the agent at the Federal Public Prosecutor's Office, to be turned over to the acting judge.

Chihuahua Police Chief Charged as 'Narco' Hit Man

95WB0035D Mexico City EXCELSIOR in Spanish 8 Apr 95 pp 33-A, 34-A

[Article by Manuel Cabrera]

[FBIS Translated Text] Ciudad Juarez, Chihuahua, 7 Apr—Accused of acting as a hit man for drug traffickers, the State Judicial Police arrest warrants group commander, Pedro Arturo Nunez, was taken into custody today, and moved to the local jail. Meanwhile, two other agents from that force, presumed to be the material perpetrators of several executions under orders from the ex-police chief, are fugitives at large. The state's attorney, Francisco Molina Ruiz, made this announcement today.

After deploring the involvement of Judicial Police agents with drug traffickers, acting as their hit men, when they are supposed to be serving the law, the Chihuahua state

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attorney reported the arrest of Pedro Arturo Nunez, until yesterday chief of the arrest warrants group in the State Attorney General's Office. He was identified by a guard as the person who, last November, disposed of the corpse of the ex-State Judicial Police agent, Sergio Trejo Mendieta.

While the commander claimed his innocence, denying the evidence given by the guard, who witnessed some of the incidents, the State Attorney's Office deplored the fact that the force's genuine policemen's efforts should be marred by criminals who have become entrenched in that force.

The action taken by the State Attorney's Office stems from an order issued by the first court of criminal proceedings, which discovered sufficient evidence to determine that Pedro Arturo Nunez had participated in the execution of ex-agent Sergio Trejo Mendieta.

On 7 November of last year, Trejo Mendieta was found with visible signs of torture and the classic coup de grace, handcuffed, and left in a late-model vehicle of the Spirit make.

The investigations conducted by the State Judicial Police indicate that Sergio Trejo was engaged in collecting on bills associated with the drug traffic. According to the information gathered in the first court of criminal proceedings, he was attempting to collect on a debt, but the debtor requested help from Commander Pedro Arturo Nunez, chief of the arrest warrants group, and from agents Armando Portillo Fierro and Alvaro Osuna, in quieting him. However, they killed him. The latter two are fugitives from justice as of today, because they failed to show up for work, after having learned of their commander's arrest.

The statistics held in the Chihuahua State Attorney's Office indicate at least five executions in which those now indicted for the crime of homicide, and any others discovered against them, could have been implicated. They include the execution of ex-Commander Refugio Ruvalcaba, and his two sons, Cesar and Alberto, which occurred on 28 November; that on 4 November, of Sergio Trejo Mendieta, now solved by this case, with convincing evidence; and the "narco" execution on 21 October 1994 of Eduardo "Lalo" Rivas, also an ex-State Judicial Police agent. The latter was killed and later incinerated in a pickup truck found in the Colonia Francisco Villa.

There is also the September "narco" execution of the ex-State Judicial Police agent and later Federal Judicial Police commander, Arturo Torres. He was subsequently found on the Bravo lot, an area identified as a cemetery for "narco" executions. Another is the execution, on 23 August, of Jesus Varela, an ex-State Judicial Police agent connected with the also ex-agent, Julio Salas, from the same force, who was killed at the residence of David Gandara.

Of the five aforementioned executions, one has now been solved. As a result, Pedro Arturo Nunez has been isolated in a high-security cell at the prison, because several convicts arrested by the Judicial Police agents who were serving as hit men for drug traffickers are confined in that Social Rehabilitation Center.

Mexico, EU To Sign Declaration on Human Rights, Democracy

PA0105225495 Mexico City NOTIMEX in Spanish 0110 GMT 30 Apr 95

[FBIS Translated Text] Mexico City, 29 Apr (NOTIMEX)—The Mexican Foreign Relations Secretariat [SRE] announced today that Mexico and the EU will sign a joint declaration in May dealing with respect for human rights, support for democracy, and safeguarding international peace and security.

The SRE issued a communique reporting that on 2 May, Mexico and the EU will sign a solemn joint declaration reaffirming respect for human rights, support for democracy, and safeguarding of international peace and security.

The SRE added that the joint declaration will also seek the establishment of a healthy world economy and the consolidation of multilateralism.

As for politics, the parties will commit themselves to developing a "stronger political dialogue based on issues of common interest and to maintaining close consultations at international organizations."

The SRE explained that the modalities of this dialogue will be defined in a new agreement, thus it is expected that a call for periodic meetings at the head of state level and among officials of the highest levels will be included.

As for the economy, the two parties will commit themselves to seek stability within a framework of regulations that should lead to "a favorable development of merchandise, services, and investment exchanges."

The SRE explained that the commitments Mexico wants included in the new agreement seek to achieve an effective and balanced increase in exchanges between the parties and to attract European investments in production activities in Mexico.

As for cooperation, besides what was already specified in the basic agreement signed in 1991, the goal is to implement projects to increase contacts and business among European and Mexican companies.

Other goals include development and cooperation in specific sectors of common interest such as environmental protection, industrial development, telecommunications, and transfer of technology and knowledge. As for the last point, the possibility of allowing Mexican research centers to participate in European programs to which they do not currently have access is also being contemplated.

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The solemn joint declaration will also urge the European Investment Bank to intensify activities in Mexico.

Mexican Foreign Secretary Jose Angel Gurria and French Foreign Minister Alain Juppe, as president of the EU Council of Ministers, will sign the declaration.

The SRE pointed out that the document seeks to strengthen relations between Mexico and the EU and to establish a long-term outlook that will reinforce and broaden the basic cooperation agreement that has been in force since 1991.

It also proposes a reinforced political dialogue on issues of common interest and the start of negotiations to sign a new political, economic, and commercial agreement.

On 10 April, the EU Council of Ministers unanimously approved the text of a solemn joint declaration between that group and Mexico to strengthen mutual ties.

The relationship between the parties is currently governed by a basic cooperation agreement in the areas of finance, commerce, industrial development, agriculture, fishing, public health, copyrights, transportation, normalization [normalizacion], telecommunications, drug trafficking, and drug dependency.

The EU is Mexico's second biggest trading partner and holds a 13.3 percent annual share of total average Mexican exchanges between 1986 and 1992.

In that period, Mexican exports grew 47 percent from $2.2 billion in 1986 to $3.25 billion in 1992, and imports grew 290 percent from $1.8 billion in 1986 to $7.1 billion in 1992.

In 1993, the EU's bilateral trade share of Mexico's total trade dropped significantly to 8.4 percent.

That year Mexican exports to Europe reached $2.7 billion, which is 5.2 percent of total exports, while imports totaled $7.1 billion, or 10.7 percent of total imports. The trade deficit was $4.5 million.

In 1994 the downward trend of exchanges between the two parties continued as trade with that region was 7.8 percent of total Mexican trade.

That year Mexican exports to the EU totaled $2.7 billion, which is 4.5 percent of the total, and imports reached $8.5 billion, which is 10.35 percent of the total. Thus Mexico registered a negative trade balance of $5.8 billion.

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Guatemala

De Leon Explains Supension of Tariff Standardization

PA0205021895 Guatemala City PRENSA LIBRE in Spanish 30 Apr 95 p 3

[FBIS Translated Text] President Ramiro De Leon Carpio yesterday said: *I did not back down on the customs tariff standardization issue, but I used this measure as a political tactic of pressure and shock from which we could reach an agreement, could hold negotiations and a dialogue, and could garner an economic boon even though it was not the one we were expecting.*

During a speech at the opening of the National Municipalities Assembly yesterday morning at the Industrial Park, the president affirmed that, by repealing the measures implemented just a few days earlier, he did not back down but, rather, reclaimed the political path clearly established in the 1994-1995 government agenda.

I rescinded the measure when I saw that state revenues were seriously threatened by the Constitutionality Court's suspension of several articles of the fiscal reform; I did not just rescind them. However, with the approval of the Law on the Financial Products Tax and the Law on the Commercial and Agricultural Companies Tax, which included minor modifications, we compensated for that which we were not receiving. This is why the standardization path was no longer necessary, De Leon stated.

Likewise, he pointed out that the situation would have led us to a greater crisis and perhaps even a war had the measure been upheld, adding that there was no other option. *The new laws leave a financial gap between revenues and expenditures that must be resolved, but we are struggling to create for the next government a fiscal, institutional, military, political, economic, and financial situation different from the one I inherited,* the president underscored.

He explained, however, that the incoming government will find resources to invest, because the fiscal reforms included positive rewards, although they were not the ones we expected. We are leaving a *fiscal surplus* with which we were able to exceed, despite problems, the tax collection goal in the first quarter of the year by more than 130 million quetzals.

My goal is to maintain finances, and this is why we are leaving an income tax, ISR, stipulating quarterly collections and an 8 percent rate that must be revised. In addition, we now have confidence, security, certainty, and normalcy in the tax payment and collection systems, he maintained, adding that *we ended the confrontation, and the business sector will start urging the payment of taxes. We are leaving behind fiscal courts, an ISR that went from 25 to 30 percent, and a tax on assets that, even though it lacks a broad foundation, will generate approximately 1.5 billion quetzals.*

In this regard, he estimated that with the 1.5 billion quetzals normally collected, next year we will be able to earmark 3 billion quetzals for social investments. This is why there will be no need to promote another tax reform.

Congressional Decree Liberalizes Bank Rates

PA2904032995 Guatemala City PRENSA LIBRE in Spanish 26 Apr 95 p 6

[Report by Lucy Barrios de Mendez]

[FBIS Translated Text] Yesterday, Congress approved Decree No. 29-95 which permits financial institutions to freely set interest rates, thereby giving the green light to the various laws intended to advance the country's financial modernization.

Under the law, active and passive interest rates applied by banks, financial corporations, and other institutions legally entitled to conduct financial operations will now be set freely, as agreed by the contracting parties.

On this point, Deputy Lizardo Sosa explained that the decision is not a problem for savings account holders, because the Monetary Board adopted this same system in 1989, and since then, headway has been made in the financial modernization process.

He explained that the idea is to encourage investments and to prevent the flight of capital, because interest rates should be consistent with the projected inflation rate, as well as with the performance of foreign assets. The idea is to have positive real domestic rates whenever possible—rates that exceed those expected to be earned by overseas financial assets.

The liberalization of interest rates is important enough to engender a decree because this will have a favorable effect on decisions by investors and depositors, both domestic and foreign, in light of the fact that there now will be a legal precept to guarantee his or her investment yield, Sosa explained.

As far as the deputy is concerned, the decree does not harm any specific sector, and along with other financial regulations, such as reforms to the law governing the Bank of Guatemala, the banking law, the code of commerce, and the civil code, it will contribute to the system's modernization.

Therefore, what we have done is give our blessings to a Monetary Board decision that has been well-received in the market and that has not harmed depositors since 1989, and therefore there should be no reason for any concern whatsoever, he concluded.

CCG, Mexican Bank Sign Work, Cooperation Program

PA2804172795 Guatemala City PRENSA LIBRE in Spanish 26 Apr 95 p 98

[FBIS Translated Text] The Guatemalan Chamber of Commerce, CCG, and Mexico's National Bank of Foreign Trade signed the so-called Work and Cooperation

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Program between the CCG and the Mexican Commercial Adviser's Office, which seeks to achieve greater effectiveness in promoting the development of economic relations between the two countries.

The CCG President Jorge Briz, Mexico's Commercial Adviser Raul Avendano, and Mexican Ambassador to Guatemala Guillermo Cosio Vidaurri participated in the ceremony. They made a commitment to exchange information, particularly about those products with which both countries may potentially compete in the international market.

As part of the agreement, they also decided to give each other mutual support in tasks of commercial promotion and to exchange information about promotional events, as well as commercial seminars.

Among the activities considered to promote trade between the countries there will be: a visit by a delegation of Guatemalan buyers to the cities of Guadalajara and Mexico City from 21 to 27 May; a visit by a delegation of Guatemalan businessmen to southeast Mexico, scheduled for the last quarter of 1995; and a seminar on business opportunities in the Caribbean Basin.

Ambassador Cosio Vidadurri added that the Commercial Adviser's Office of the Mexican diplomatic mission will give its support to officials and executives of the Guatemalan foreign trade sector with internships and observational tours to Mexican institutions, companies, and free zones.

Honduras

Financial Reform To Strengthen Central Bank's Role

PA2904014395 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 24 Apr 95 p 5A

[FBIS Translated Text] The financial reform law, or the Law on the Institutions of the National Financial System, seeks to grant effective powers to the Central Bank to adopt prudent regulations aimed at preventing financial institutions from falling into insolvency, because this could generate a crisis in the financial sector that would have adverse effects on the national economy.

This was stated by Central Bank President Hugo Noe Pino during a presentation to businessmen on the new measures that control the national financial system.

The private sector continues to express concern because several financial reform law proposals remain "up in the air," and, in turn, people do not know what to expect.

It is being said that one proposed version of the law would have savings and loan institutions controlled together with private loan companies. Meanwhile, another version is circulating at the Central Bank, and still others are being studied by the Congress, because Carlos Flores [president of the National Congress] does not want to be taken by surprise.

IDB [Inter-American Development Bank] Demands Granting of Loans

Hugo Noe promised that this week the draft bill will be turned over to the private sector in an effort to reach a consensus.

In May, the document will be sent to the National Congress for debate and approval. According to commitments with the IDB, this law needs to be implemented by June under the threat of forfeiting funds for the highly touted "industrial reconversion" process.

Will Interest Rates Decline?

Noe Pino said that among the goals of the reform of the financial law is to create a clear, legal framework for the financial system in keeping with the nation's economic reality, and this will serve to promote the modernization and increased efficiency of the sector's institutions.

Moreover, he added there is an move to reduce midterm financial costs and to permit greater access to financial savings instruments on the market which would heighten across-the-board savings and improve distribution of the nation's productive sector's resources.

For financial development, according to the president of the Central Bank, more freedom of access to banking is being sought in an effort to heighten competition and to expand banking activities.

Depositors Will Be Protected

With a solid, healthy, and solvent financial system, the confidence of investors and depositors will increase, and this will result in greater efficiency within the institutions, incorporating them with technological and commercial development.

Central Bank Has Complete Power

Noe Pinto said that via the financial reform legislation a solid financial system will be established—one that will be supervised by one institution, the Central Bank—and this will allow the adoption of more efficient monetary, credit, and exchange policies, thereby encouraging economic development, while strengthening the Central Bank's role as supervisor of the system.

As part of the reform's objectives, provisions will be included in the draft "Law on Institutions of the Financial System" for the protection of the development of banks and other supervised financial intermediaries.

Clear regulations also will be set for the organization, merger, conversion, and closing of institutions, as well as standards for intervention and liquidation.

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Nicaragua

Lacayo: Assembly Delaying Resolution of Property Issue

PA0105221595 Managua Radio Nicaragua Network in Spanish 1500 GMT 29 Apr 95

[Interview with Presidency Minister Antonio Lacayo by unidentified reporter in Managua on 29 April; from the "0900 Surprise Newscast"—monitored in progress]

[FBIS Translated Text] [Reporter] ....engineer, along those same lines, Ambassador Maisto has said that approximately 1,000 U.S. citizens are still waiting for their properties to be returned. Some say there will be a waiting period lasting until July. This may prompt the U.S. Government to take action against our country.

[Lacayo] That is a very, very important point. We in the government have been working hard to return properties to both Nicaraguans and foreign citizens. Most of the foreign citizens are U.S. citizens or Nicaraguans who in time have become U.S. citizens. We have made a great deal of progress. Many cases have been resolved, especially in the last five or six months. There is still a similar number of cases to be resolved.

What has happened? Many of these U.S. citizens are demanding lands that, in accordance with the government program, were given away or are in the process of being given away. Consequently, we must compensate these people. When we offered them bonds, they said the value of the bonds was very low, and indeed the value of the bonds is low. Why is that? Because of the National Assembly's delay in passing the Telcor [Nicaraguan Telecommunications and Postal Services Institute] bill.

Frankly, what we are seeing now is the National Assembly boycotting the solution to the property problem. In other words, they know that when Telcor is privatized, resources will come to the country to compensate people whose properties were confiscated. They don't want these people to be compensated. They would rather Nicaragua have problems with the United States. They would rather prevent us from resolving these cases because they think they are adversely affecting the Chamorro administration. Regrettably, they will not be undermining the Chamorro administration if relations with the United States go sour. They will be affecting the people, because aid is mainly destined for the people in the form of schools, health centers, or dollars so that those who wish to import can get dollars from the Central Bank at a favorable exchange rate.

Nevertheless, I believe the government will continue to do all it can to resolve these cases. We are going to demonstrate to the U.S. Government—as we have demonstrated in the past—that the government does not lack the political determination to resolve the problem.

The Telcor Bill was submitted to the National Assembly in August of last year. The question is, why aren't these deputies working? Why don't they tackle serious problem like this? Why are they lying to even ambassadors? Some people, including the U.S. ambassador himself, have come to my office to tell me they have just spoken with so-and-so, who told them that before the end of February the Telcor Bill will be passed. I told him: Well, Mr. Ambassador, mark your calendar to see if they comply. February passed and I said: What happened, Mr. Ambassador? He said: No, I have been told that by the end of March, this bill will be passed. This is how they have cheated in the past. Why don't they work?

Next week there will not be sessions at the National Assembly. How can there not be sessions? Did the people elect deputies to work every other week? This cannot continue. Here at Radio Corporacion I see you work very hard every day. The same happens in the government, or a small store. But in the Assembly they work every other week. Why don't they work next week to pass the Telcor Bill? This would push the price of bonds up and would change the attitudes of people whose properties were confiscated. They would accept the bonds if prices went up. Otherwise, how can we resolve the problem?

FSLN Leader Identifies Aleman as Party's Main Adversary

PA0105235995 Managua EL NUEVO DIARIO in Spanish 30 Apr 95 p 2

[Report by Vladimir Lopez]

[FBIS Translated Text] Sandinist leader Victor Hugo Tinoco has disclosed that the Sandinist National Liberation Front [FSLN], characterized by adversaries as "orthodox," has not dismissed the possibility of an alliance with various political sectors, including the Sandinist Renewal Movement, MRS, with a view to the upcoming elections.

In an extensive interview with EL NUEVO DIARIO, Tinoco admitted that Managua Mayor Arnoldo Aleman, leader of the Liberal Constitutionalist Party [PLC], will be the strongest candidate.

"The FSLN's foremost adversary," he said, "is Arnoldo Aleman. First, because he represents the strongest political group (PLC), and second, because he is receiving between 35 and 40 percent in the polls."

"The truth is," says Tinoco, "we cannot close our eyes to that reality; that is what the polls show. Aleman is a strong adversary."

Victor Hugo added that Aleman is the candidate the FSLN must defeat, "not only because he is the strongest candidate but because his political proposal is the most anti-Sandinist and entails the risk of once again polarizing the country."

Tinoco said the FSLN is aware that this adversary (Aleman) has strength, but he also holds "dangerous, radical" positions and "is our foremost adversary."

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"We Were On the Verge of Disappearing"

During the interview, which took place at the National Directorate Secretariat, Victor Hugo Tinoco became the first Sandinist leader to publicly admit that the FSLN was on the verge of disappearing from the political scene after its electoral defeat in 1990.

"Starting in 1990, the FSLN underwent the most difficult phase of its history. From 1990 to 1993, we were on the verge of disappearing as a political force," he admitted.

"We lost the elections, and that deeply affected our life plans. Along with defeat came changes in the world, and in Nicaragua the government initiated an offensive to dismantle the revolution. [no closing quotation marks as published]

Tinoco said that looking at these elements as a whole, one realizes that "Sandinism was truly in danger of disappearing as a national political force. We were at risk of becoming an isolated, small, revolutionary force with little national influence."

He recalls that at that time, Sandinist logic was to look for scapegoats, people to blame, one or many who had been involved in the pinata-like giveaways.

"This logic changed in 1994," Tinoco said, "because the Sandinists were already becoming concerned and were responding to the serious economic crisis, and the elections were already being viewed as a means of changing things."

"Divisions Did Not Affect Us"

The former deputy foreign minister maintains that the Sandinist split was not a two-way division. "It was the separation of a segment of mid-level Sandinists who decided to form another party."

"Proof of this," he said, "is that not a single FSLN Departmental Committee was disarticulated. The Sandinist rank and file did not experience the internal problem; it all took place at higher levels."

"We Are the Strongest, But That Is Not Enough"

Victor Hugo Tinoco said the FSLN is still the strongest and best organized party in Nicaragua, "but to win the elections, it is not enough to be the strongest and best organized. We must have enough votes, and for that we must seek votes beyond the Sandinist population."

Tinoco said that the FSLN is "aware of this situation" and is in the process of discussing its electoral strategy. The Sandinist Assembly must approve a campaign plan by 12 and 13 May .

"We are going to discuss our willingness to form alliances and the foundations upon which such alliances will be established," he said. "Perhaps it is very early to select who we will form alliances with, but we can establish from now on that Arnoldo Aleman will be our foremost adversary and the candidate to defeat."

We asked Tinoco: How likely is it that former President Daniel Ortega will again be the candidate?

"I would say," he answered, "that in terms of candidacies, nothing is closed. Everything is open. Nothing has been decided."

Panama

U.S. Compensation for Chorrillo 'Victims' Viewed

PA0105193295 Panama City EL SIGLO in Spanish 1 May 95 p 10

[Report by David Daniel Victoria]

[FBIS Translated Text] Panamanian Ambassador to Washington Ricardo Alberto Arias has said that the U.S. Government has not responded to the compensation suits filed by El Chorrillo residents who lost their homes and belongings following the devastation caused by the 20 December 1989 invasion.

According to Ambassador Ricardo Alberto Arias, "no progress has been made" in the United States regarding these suits, which were presented by the Panamanian Foreign Ministry.

Residents of the "martyr" neighborhood of El Chorrillo have stated that the government has not yet requested the United States to compensate El Chorrillo residents and Panamanian businessmen who lost their homes and businesses.

The Panamanian Foreign Ministry designated former Colonel Daniel Delgado Diamante to handle the suits of El Chorrillo residents together with them and to process the compensation from the U.S. Government.

Oyden Ortega, chairman of the Legislative Foreign Relations Committee, as well as Panamanian businessmen, have stated that they are in favor of having the government demand compensation from the United States for the invasion victims.

It has been estimated that the United States owes more than $35 million for damages caused during the 20 December 1989 military action, which culminated with the overthrow of Manuel Antonio Noriega, former Defense Forces general.

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Argentina

President Menem Unveils Five-Year Economic Plan

PY0205002995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2021 GMT 1 May 95

[FBIS Translated Text] Buenos Aires, 1 May (NA) — Thirteen days before the general elections in which he will seek re-election, President Carlos Menem today promised that he will create more than 1.5 million jobs as a part of a five-year plan that calls for an investment of 86.733 billion pesos in infrastructure works and public services.

Menem announced the five-year plan as an answer to the problem of unemployment. The government has made unemployment one of the main points of its election campaign with an eye on the 14 May presidential elections.

The president presented the five-year plan, which is called "A Growing Argentina 1995-1999," during a address he gave here at the Cervantes Theater to government officials, congressmen, governors, and members of the board of directors of the CGT [General Labor Confederation] and of the National Council for Production, Investment, and Growth.

Menem recalled that when he assumed the presidency in 1989 the Argentines "were prisoners of a day-to-day anguish," and he termed that situation "pathetic." "All of us remember those days. It was pathetic to observe our young people in long lines in front of the embassies because they wanted to leave the country," Menem said, when recalling the country's situation at that time.

Menem took advantage of Labor Day to present his five-year plan. On 1 May, the president traditionally opened Congress, but he opened it on 1 March this year due to the constitutional reform.

The president indicated that the plan will help create "330,000 jobs a year," and he stressed that the proposal can be implemented because "there are clear and permanent rules of the game with which the various social sectors will have the certainty that their efforts will not be in vain."

"The state is no longer an inefficient producer because it now dedicates itself on a priority basis to education, health, security, the promotion of development, and social equity," the president said.

He also recalled that investment in the social sector "has grown during the past few years by 74 percent when compared with 1989." He attributed this achievement to the "increase in productivity and international competition."

Menem also recalled that the government "has not folded its arms" regarding the problem of unemployment, and he stressed that the five-year plan "is a part of the overall policy for generating jobs."

"The private sector will also have an important role in generating jobs," the chief of state said.

He recalled that when he assumed the presidency in 1989, "the habit of speculation lived side by side with fear and the lack of hope that the great majority of Argentines suffered."

The president stated that at that time "it was useless to insist with opportunist and demagogic policies," and "it was infuriating to observe minute by minute how the degradation of the currency made the work, efforts, and dreams of the Argentines useless."

"During the period of inflation, prices increased by 3 percent per day. Who could live with that?" he asked.

In this respect, he pointed out that that percentage "is being registered now, but on a yearly basis," and he stated that the Argentines "were going from one frustration to another and it seemed that there would be no end to it."

"All of us know that courage, and above all effort, are needed in order to overcome a crisis. We Argentines can be proud because we have made the transformation in democracy and freedom," Menem said.

He highlighted the fact that the recent Mexican crisis "found an Argentina that was prepared," because "above and beyond any type of speculation the government had the courage to defend stability in order to defend the welfare of all Argentines."

"This was the belief of the businessmen who have contributed more than $1 billion, the international banking sector which has contributed another $1 billion, and international organizations which have supported us with $7 billion," Menem said.

Central Bank Accepts $1 Billion Bridge Loan

PY2904035795 Buenos Aires TELAM in Spanish 1949 GMT 28 Apr 95

[FBIS Translated Text] Buenos Aires, 28 Apr (TELAM) The Finance Ministry has reported that the Central Bank today accepted a $1 billion bridge loan from the International Bank for Settlements (BIS) of Basil. The loan will be disbursed in six parts.

An official communique says that the amount involved in each part is in accordance with disbursements of loans already committed by the World Bank and the Inter-American Development Bank (IDB) for the reform of the private financial system, the privatization of provincial banks, and social assistance.

The BIS facility operates as a bridge financing until the above mentioned institutions disburse their loans. The facility will be guaranteed by YPF [Government Oil Deposit] shares owned by the Argentine Government.

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The World Bank board of directors will meet on 4 May to analyze the Argentine Government request and the same day will disburse $167 million, the first part of a $500 million loan.

Meanwhile, the IDB board of directors will discuss Argentina's request for a $500 million loan on 15 May. On that date, the IDB will disburse $250 million, half of the loan.

Economy Minister Domingo Cavallo explained in Washington yesterday that negotiations with the BIS were on track, but refused to give details on the bridge loan.

This means that Argentine authorities' positive answer, after analyzing the conditions, was released only early today. The loan finally paves the way toward the definitive implementation of the Fiduciary Capitalization Fund.

The Fiduciary Fund was created through Decree 445. The decree expressly establishes that the mechanism is part of a group of initiatives to reestablish the economy's liquidity without committing the reserves guaranteeing the regime of monetary convertibility.

The Fiduciary Fund will be able to sign in capital contributions; give credits to financial institutions, which might or might not be convertible into shares; purchase and sell shares of other financial institutions; and purchase and dispose of assets from other entities.

Article seven of the decree empowers the Central Bank to decide on the convenience of creating a permanent institution in charge of administering an insurance system for limited deposits, which would be compulsory and not free.

President Demands 'Repentance' From Subversives

PY0205033295 Buenos Aires TELAM in Spanish 1608 GMT 1 May 95

[FBIS Translated Text] Buenos Aires, 1 May (TELAM)—President Carlos Menem today demanded repentance from the sectors that participated in subversion in the 1970's, following the self-criticism that Army Chief of Staff Lieutenant General Martin Balza made about repression of guerrillas.

"The terrorists and subversives, who are responsible for the tremendous tragedy that the country experienced, should also repent," the president said this morning to Radio America.

Menem said that after the self-criticim about antisubversive action made on 25 April by Gen Balza, "the commanders of the two other branches will do the same."

Air Force Chief of Staff Brigadier General Juan Paulik is due to deliver a message on 3 May at the "Condor" building to mark the 12th anniversary of the fire baptism of Air Force pilots during the Malvinas war.

Navy Chief of Staff Admiral Enrique Molina Pico might deliver a speech on 17 May during the ceremony commemorating "Navy Day."

"This must serve as an incentive to those who are on the other side and who did so much harm to Argentina," president Menem said on referring to subversives.

The president said that the "repentance" should reach the "terrorists and subversives we had in Argentina, some of whom worked as journalists."

Bishop Asks Forgiveness for Church's Role in 'Dirty War'

PY2904030795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1940 GMT 28 Apr 95

[FBIS Translated Text] Buenos Aires, 28 Apr (NA)—Quilmes Bishop Msgr. Jorge Novak today asked for "forgiveness from God and society" on behalf of the Church for the ecclesiastical hierarchy's possible responsibility in the violent events that occurred during the last military dictatorship.

Novak has thus become the first member of the Argentine episcopate to ask for forgiveness for religious authorities' role during the illegal repression.

Novak, who just like other bishops is known for his hard work in defense of human rights, admitted that "without a doubt, the case of disappeared prisoners is a heavy burden on our ecclesiastical conscience."

"We ask for forgiveness for our insensitivity, for our cowardice, for our omissions, for our complicities," the prelate said in a long communique disseminated by the Quilmes Bishopric.

The bishop also favored the dissemination of the lists of disappeared people. He said: "It is a sacred duty to join the voices of relatives who claim the right to information, in a respectful and objective manner, overcoming the complicity of lies."

Novak's pronouncement was released at a time when all the country's bishops are participating in the 69th Episcopate Plenary Assembly, where the issue of the violence in the country during the 1970's was discussed, even though it was not on the agenda.

Although this is the first time a bishop has explicitly asked for "forgiveness" for the ecclesiastical hierarchy's role during that period, in the past weeks several prelates, and even the Episcopate Permanent Commission, recognized that the church "could have done a lot more" to demand explanations from the government for events during that period. The Commission also asserted, however, that "there was no silence or complicity."

In his message, Novak also defended Cardinal Pio Laghi, former papal nuncio in Argentina during the military dictatorship, when he said: "His activities went beyond the activity of other country's ambassadors."

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Novak said that Pio Laghi "looked after many families of prisoners who were arrested and disappeared, helped many people who were persecuted for political reasons, informed the Holy See about events in Argentina, and personally questioned the methods used by the forces of repression."

Novak said that Pio Laghi carried out those tasks "while more than one journalist tried to use the world soccer competition to disseminate the cover-up slogan 'Argentines are right and human.'"

The bishop of Quilmes also requested "a thorough investigation" to find the "evidence supporting a report published by a Buenos Aires magazine under the title 'Priests and Accomplices,' charging that some church members collaborated with the illegal repression.

"It is worth noting that the methods of repression were disseminated and applied by men—military and civilians—who called themselves Catholics," the prelate warned.

Novak said that "the human rights of many people, and that included brothers in the faith, were violated under the pretext of national security needs."

Novak mentioned La Rioja Bishop Enrique Angelelli, who was murdered; the priests and seminarians of the Palotina congregation, who were massacred in a parish of the Belgrano neighborhood; and other religious members of the Quilmes Bishopric who died during the period as victims of the repression.

The bishop made a call "to join the pain of all the families who have a dear one who disappeared, died, was mutilated, or was displaced at a time when the fatherland was dying of sadness."

Editorial Views Value of Army Self-Criticism

PY2704222695 Buenos Aires LA NACION in Spanish 27 Apr 95 p 8

[Editorial: "Balza and the Value of Self-Criticism"]

[FBIS Translated Text] The brave self-criticism that Lieutenant General Martin Balza, Army chief of staff, made on 25 April on the tragic events that involved the Armed Forces during the fight against subversion in the 1970's is a precious contribution to the cause of national reconciliation, perhaps the most valuable contribution since the occurrence of those unfortunate events.

When Balza said that the armed institutions made a mistake that "prompted a dispensation of the identification and location of the adversary through a search for information, in some cases illegitimately and without dignity, that even led at times to the suppression of life," the Army chief was assuming the historic responsibility of recognizing the effective occurrence of painful situations and events—in many cases illegal—that the Argentine people are well aware of, despite the fact that they had never been officially admitted before.

When the Army chief said the fact that some Army members "dishonored a uniform they did not have the dignity to use does not invalidate in any way the unselfish and silent work of men and women of the Army of that time," he clearly drew the necessary dividing line between the behavior of those who perpetrated unacceptable human right violations and those who fought subversion with the correct means and without trampling on basic ethic and legal principles.

The country needed a responsible and sincere word to reestablish the moral credibility of the affected institutions in view of the reports and testimonies that have come out lately on the methods used by some Armed Forces groups during those tragic years. Confessions like the ones offered by former Corvette Captain Adolfo Scilingo or former Sergeant Victor Ibanez on their participation in operations to throw people into the River Plate from planes, even though referring to facts that have already been reported, provoked understandable annoyance among the population. The unrest threatened to continue to grow as new people or repentants came to the fore with new testimonies. When recognizing the events as real, Balza produced the first institutional fact that presents some assurances to society with respect to the darkest period of our recent history. He also opened an important space to start advancing toward authentic gestures of spiritual conciliation. To stubbornly continue ignoring this reality, which could hardly be denied given the number of indications that have been accumulating, would have only served to deepen the general confusion and skepticism.

Balza is also right when he demands responsibility "so that pain does not become a casual banner for anyone," and when he requests respect for all the dead, regardless of their affiliation or condition. He is also right when he says that "if we are unable to overcome the grief and close the wounds, then we have no future."

After confirming that the Army does not have a list of people who disappeared, he said that if anyone in the Army had any list at his disposal or can remember enough to reconstruct the past, he will make sure it is publicly disseminated, guaranteeing complete privacy for those involved. It is the correct answer—the only answer possible, probably—to the repeated claims of victims' relatives.

The main value of Lt. Gen. Balza's document—and its great novelty—is that it proposes an institutional self-criticism, a gesture other groups of society should imitate as a first step toward the objective, still in the distant future, of a national reconciliation.

Editorial Views Reasons for Vetoing Patents Bill

PY0205031095 Buenos Aires LA NACION in Spanish 28 Apr 95 p 8

[Editorial: "The Veto of the Patents Bill"]

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[FBIS Translated Text] The executive branch has returned the patents bill to Congress with 16 objections, which, in practice, means that the bill has been vetoed.

The executive branch argued that there are discrepancies with Law 24425 that approved the Marrakesh Agreement, which incorporated what was negotiated at the Uruguay round of GATT talks, including the Agreement on Intellectual Property Rights, into our legislation. According to Article 75, Paragraph 22 of the Constitution, international treaties have a higher status than laws.

Had the executive branch not vetoed the bill we would have had two different laws on the same matter, which would have created controversies and which would have surely ended in the Supreme Court. Finally, a Supreme Court ruling would have had an effect similar to the veto, at least with respect to some articles.

For instance, Article 42 of the vetoed bill would have been in conflict with Article 27, paragraph 1 of the Agreement on Intellectual Property Rights establishing that "patents will be granted and patent benefits enjoyed without discrimination because of origin, the field of technology, or the fact that products are made or not made in the country." The vetoed bill, on the other hand, only recognized the exploitation of patents on products produced in Argentina and excluded items produced abroad.

During the resolution of the conflict, which would have lasted a long time, the country would have been exposed to undesirable international conflicts. The government has made a considerable effort to reinsert the country into the world, from which it was isolated and set aside because of a conception of self-sufficiency that was reflected in its institutional organization, its international policy, its economy, and its culture. Society paid a dear price for that attitude.

Indications of this healthy change are, for instance, the normalization of our difficult relations with Great Britain, the dropping of Third World positions in international forums, and the signing of the Non Proliferation Treaty. We could also mention the negotiated solution of our border conflicts, the opening of the economy, the renegotiation of our foreign debt, and the military cooperation in UN peace missions. The change of attitude in GATT negotiations, from which the Agreement on Intellectual Property Rights emerged, benefited Argentine exports.

The recognition of patents according to the terms of the Uruguay round of GATT talks is also a way to insert the country into the international community. The agreements had the merit of producing a reasonable balance between the interests of the more developed nations and developing countries. The agreement established exceptions and a schedule to adapt existing regimes that was accepted by Congress when it approved the Marrakesh Agreement. It only seems appropriate, then, to use the Agreement on Intellectual Property Rights as a patents law and regulate it according to the approved periods and conditions.

The executive branch has acted, then, with the correct arguments and at the right time. Had it not done so, it would have exposed our economic and foreign policies to an international controversy that would not have been the least convenient to the nation's commercial and financial interests, which indeed do not need additional difficulties. The result would have been similar had the executive branch not vetoed the bill, because we would have needed a World Trade Organization international arbitration, or perhaps, a Supreme Court resolution to settle the issue, in both cases, after suffering useless and controversial confrontations with the international community. The executive branch, therefore, simply decided to avoid these confrontations from the very beginning.

Brazil

Rocket Technology Purchased From Russia, Black Market

PY0105160195 Madrid EFE in Spanish 1808 GMT 30 Apr 95

[FBIS Translated Text] Rio de Janeiro, 30 Apr (EFE)—The newspaper O ESTADO DE SAO PAULO today reports that after having been paralyzed for a decade, the Brazilian project to build a rocket launching base and a rocket capable of placing satellites in orbit has made progress in the past few years, thanks to the purchase on the black market of state-of-the-art technology from Russia and other countries.

Officers from the Aeronautics Ministry, which administers the Brazilian Space Program, publicly acknowledged to O ESTADO DE SAO PAULO that Brazil is buying from Russia microelectronic parts and components that are necessary for the construction of rockets.

"We even wanted to import a complete inertial platform, but the United States did not allow us to, and so we were forced to obtain some parts from the international black market, where there is always someone willing to sell. I think we made a big mistake in trying to purchase complete systems, and now we have solved the problem through the purchase of parts and software," said Aeronautics Colonel Thiago Ribeiro, who is responsible for the project.

The interviewed officers said that the purchase of state-of-the-art technology, especially from the former communist and other European countries, is the only way Brazil can overcome the embargo on strategic technology imposed by the world powers.

Both the Brazilian Space Program—which entails the construction of a rocket launching base, of 20-meter rockets propelled by 40 tonnes of solid fuel, and of orbital satellites of up to 200 kg—and the Brazilian Nuclear Program—which entails the construction of

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three nuclear plants and a submarine propelled by a nuclear reactor—were paralyzed in the eighties as a consequence of the official embargo that prevents developing countries from having access to state-of-the-art technology.

The embargo, imposed by the great world powers in the middle of the eighties, has made it difficult for Brazil to gain access to space and nuclear technology, under the argument that Brazil was attempting to develop a nuclear weapon.

The embargo delayed by seven years the Brazilian Space Program, which was created in 1977 when the country was headed by a military regime (1964-1985). After having a largely military focus, in 1986 the project passed on to become a civilian space project with the objective of placing satellites in orbit.

The project, in which $300 million has already been invested, obtained its first success last year, when a French rocket placed in orbit the first weather satellite manufactured with Brazilian technology.

The Aeronautics Ministry, however, has not managed to finish building its rocket launching base, which is located in Alcantara, in northeastern Brazil near the equator, and neither could it improve its rockets.

The material purchased on the black market, according to O ESTADO DE SAO PAULO, has allowed Brazil to improve the guidance system for the rockets, the brain that controls their route, the separation of the rocket bases, and the satellite's arrival at the location where it should remain in orbit.

"We can say that we have mastered this technology," says Col Ribeiro. He added that by June 1996 at the latest Brazil will launch its first rocket from the Alcantara base.

Asked where the space technology was purchased, Ribeiro answered: "Everywhere. We bought technology from Russia, but also from France, Italy, and Germany. We even bought parts from the United States, despite the embargo."

According to other high-ranking officers, Brazil obtained access to space technology thanks to the fact that after the fall of the Berlin Wall, Russia has become an important technology exporter, selling parts at prices 50 percent cheaper than the traditional suppliers.

Ribeiro said that one of the greatest fears of the Aeronautics Ministry was that during President Fernando Henrique Cardoso's visit to Washington last week, the U.S. Government would protest the purchases made from Russia.

The U.S. Government did not protest, despite its having reprimanded Russia for transferring nuclear technology to Iran, and despite the Russian Foreign Intelligence Service having revealed last month that Brazil is the country that is perhaps closest to create its own nuclear weapon.

According to the Russian Foreign Intelligence Service, parallel to the official Brazilian nuclear energy program being carried out under the control of the International Atomic Energy Agency, IAEA, Brazil is carrying out "an advanced program that is wide in scope under the control of the Armed Forces and especially the Navy."

Winning Raytheon Bid Linked to Possible Embraer Contract

PY0105182495 Sao Paulo AGENCIA ESTADO in Portuguese 1850 GMT 29 Apr 95

[Report by Fernando Granato]

[FBIS Translated Text] Sao Paulo, 29 Apr (AE)—Seven hundred and twelve Tucano airplanes played a decisive role in the selection of the U.S. company Raytheon, which will supply the equipment for the Amazon Region Surveillance System (Sivam), whose estimated cost is $1.4 billion. We are not speaking of the PSDB [Brazilian Social Democracy Party] tucanos, but of the turboprop airplanes for military training manufactured by Embraer [Brazilian Aeronautics Company].

Embraer, which has been privatized recently, is about to lay its hands on nearly $4 billion if it wins an international bid in which it is participating. The bid is for the Joint Primary Aircraft Training System (JPats). This program foresees the purchase of 712 training airplanes for the U.S. Air Force and Navy.

Two Embraer executives, who asked for their names not to be revealed, said that the negotiation is "tied"—that is, if Sivam chose the United States, JPats would chose Brazil. This version has not been officially confirmed by Embraer, but it inspires the everyday life of the aeronautics trade union members in Sao Jose dos Campos.

"Those two bids went hand in hand since the beginning, and everything leads one to think that JPats played an elementary role in the selection of Raytheon," said Celia Sapucai, representative of the Engineers Association of Sao Paulo State. Ednilson Rogerio de Oliveira, president of the Metalworkers Union of Sao Jose dos Campos, goes further: "Besides the relation between these two bids, we are shocked at the government privatizing a company to allow it win a $4 billion contract."

Embraer press secretary Mario Vinagre rules out any link between the bids. "The selection of Raytheon, as far as I know, was made based on the best financial and technical proposal, and if we win the JPats it will be because of the qualities of the Tucano airplane," Vinagre says. It so happens that Raytheon was not chosen, as the government has admitted, because of its financial proposal. The Aeronautics Ministry's justification for selecting the U.S. company can be summarized in its explanation: "They presented the best technical proposal."

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Foreign Ministry Issues Official Note on Patents Rights

PY0105161195 Sao Paulo AGENCIA ESTADO in Portuguese 1654 GMT 30 Apr 95

[FBIS Translated Text] Brasilia, 30 Apr (AE)—The Brazilian Foreign Ministry today released an official note stating that in response to the inclusion of Brazil on the so-called "list of priority observation" of U.S. trade legislation, Brazil "trusts that the measure, which is basically an internal U.S. procedure, will not entail eventual restrictive measures on trade with the United States of America." By being included on the list by the U.S. trade representative (USTR), Brazil runs the risk of suffering trade sanctions or retaliation for discriminatory practices in relation to intellectual property rights.

"Brazil is making efforts to improve the laws on intellectual property, with the purpose of adapting them to the needs of its economic and social development as well as to the commitments it assumed with the World Trade Organization," the Foreign Ministry note states. The ministry says that a draft bill to improve the industrial property law, which has been approved by the Chamber of Deputies, is being discussed in the Senate.

An adviser to Foreign Minister Luiz Felipe Lampreia clarified that despite the U.S. measure, there was concern about not exerting any kind of pressure on the Brazilian Congress. According to that adviser, the inclusion of Brazil in the list has no legal or commercial effect. According to the USTR, Brazil "continues to fail to appropriately protect industrial property" and the U.S. Government expects the approval of "a modern patent, trademark, and copyright law."

Justice Minister Seeks Drug Enforcement Accord With UK

PY0105183595 Sao Paulo AGENCIA ESTADO in Portuguese 2108 GMT 28 Apr 95

[Report by Renata de Freitas]

[FBIS Translated Text] London, 28 Apr (AE)—Justice Minister Nelson Jobim today met with British Drug Enforcement Secretary David MacLean in London, and expressed interest in including the United Kingdom in a drug enforcement agreement involving the whole of Latin America. Jobim presented the Brazilian proposal to create a multilateral policy for drug enforcement, which has been well received in the United States, according to Jobim.

"Drug trafficking is a transnational crime, but countries continue to treat it as a domestic crime," the minister said. Brazil and Argentina are discussing the homogenization of their drug enforcement laws and legal cooperation beyond their borders.

The justice minister believes that an agreement will be reached with Argentina by June, and that it can be extended to other Latin American countries. "With a Latin American policy for drug enforcement and multilateral agreements, we will be able to sit down and discuss cooperation with other countries, like the United States and the United Kingdom," Jobim said.

This new Latin American policy for drug enforcement includes freedom for foreign police to operate in Brazilian territory. "It will end the cases of criminals crossing the border, where the crime committed in Argentina is no longer valid, and waiting until he commits a crime in Brazil. This does not make sense," Jobim said.

End of Telecommunications Company Monopoly Noted

PY0105120295 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Apr 95 p A3

[From the "Notes and Informations" page: "End of a Monopoly"]

[FBIS Translated Text] Communications Minister Sergio Motta has used power to subdue Embratel [Brazilian Telecommunications Company]. Contrary to what it expected, the state company will not have the monopoly of the access to Internet, the international computer network with 86 million users throughout the world. This figure grows at an annual rate of 120 percent, and may reach 150 million in December. Resolution No. 13, of the Communications Service Secretariat, has authorized competition. The process entails competition both for managing the communications services, which can be offered by Embratel or by state telephone companies—despite the fact that Embratel enjoys the monopoly of international phone services. The process also entails competition for the market of advisory services for Internet users. Users will contract these advisory enterprises—like the U.S. Compuserve—for help to select appropriate hardware and software, and to learn to properly use Internet to facilitate their activities or promote their businesses. What was only a wish turned into something real through Resolution No. 13. Brazilian users will join Internet through someone who already has experience, that is, the National Research Network (RNP), which has already invested in softward and hardware and which already has approximately 10,000 researchers. RNP will register users and will provide identification signals, addresses, and Internet domiciles, that is, the form through which newcomers may communicate with other users. The final responsibility for accessing Internet will rest with the Ministry of Science and Technology, which created the RNP to support universities and foundations. Embratel wanted to replace RNP, and it was not known what would happen with the assets of this institution, which was the first Internet-connected network to operate in Brazil. Over the past few weeks, there were lines of applicants willing to join Internet through Embratel, without a deadline for joining the network and without specific prices for the service.

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In practice, competition will be take place through the so-called Internet Connection Service Dealers (PSCI). They are enterprises that will compete in the market for training Internet users. It is expected that people will slowly become aware of the importance of joining the network. Embratel itself may compete in the market, if it works as a dealer.

The consequences of Resolution No. 13 are not limited to impeding Embratel's monopoly. All indications are that Embratel will be compelled to invest in international communications, because the demand—which is expected to grow—may not be "naturally held" by artificial restrictions or by increasingly long lines of applicants. This is now happening with the telephone services rendered by state telephone enterprises, which promise, sell, but do not always render the service as scheduled. Embratel will then have to provide lines with the best possible quality and at the lowest possible price, which should be of 0.03 reals per minute. Communication through Internet will end up costing the same as an urban—rather than interurban or international—phone call. The final price to join the network will not be under government control, Communications Service Secretary Renato Navarro Guerreiro, of the Communications Ministry, has said.

Commercial access to Internet, which has been a topic under discussion, seems to have been guaranteed by Resolution No. 13. Internationally, there are at present 150,000 enterprises offering those services, while it is estimated that deals worth $5 billion have been closed through Internet. For example, shoes produced by a Rio Grande do Sul enterprise can be electronically purchased just anywhere.

Like Resolution No. 319 ruling on cable television services, Resolution No. 13 has been submitted to public discusion, with a 10-day deadline for submitting commentaries to the Communications Services Secretariat. Opening the doors to Internet was a demonstration of common sense and respect for logic. Communications between users' keyboards will make the network grow. If the need for investment grows, this can become an additional factor for expediting private partnerships in all telephone service areas.

Risks of Delaying Approval of Patent Law Noted

PY0205013795 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Apr 95 p A3

[From the "Notes and Information" page: "The Risk of Delaying the Patent Law"]

[FBIS Translated Text] The president has asked Brazilians to form their own opinions on the constitutional reforms that he proposed, and to write to deputies and senators expressing their opinions—which in view of the polls, His Excellency obviously expects to be favorable to the reforms. The appeal sought to transmit the idea that if people put pressure on their representatives, it is they who will be deciding the future of the country. This is how democracies in which the public is more or less organized operate.

It would be fine if this type of political action began to be practiced in Brazil, making Congress pay more attention to people's wishes. In the case of President Fernando Henrique Cardoso's appeal, it would have been important that, at yesterday morning's speech—which was practically a repeat of the previous evening's speech—the president had asked workers of the paper and cardboard, especially the cellulose, sector; orange grove workers; and steelworkers to write to some senators, though not to too many senators, expressing their fear that the delay with which they are treating the patent law may jeopardize their jobs, since the U.S. Government may be compelled to enforce its laws and impose commercial sanctions on Brazil.

What is happening at the Senate Constitution and Justice Committee (CCJ) is simply a game—played behind the veil of the defense of national interest—a game for impairing the work of Brazilian diplomacy in its contacts with the United States (and it would not be exaggerated to say also with the European Union), undermining the credibility of the president. Fortunately for Mr. Fernando Henrique Cardoso, while His Excellency was in the United States he was careful enough to say that Congress is "sovereign" and that the patent law would be voted on in a few months. The point is how many months. If at the Economic Committee, where the project will be submitted after leaving the CCJ, the opposition uses the same tricks it is using at the CCJ, the patent law will take more than just a few months to return to the Chamber of Deputies (where it will certainly return, because the original bill will be modified) for final approval.

The CCJ on 26 April should have voted on Senator Ney Suassuna's report. It did not, and the request for collective examination, which delayed the voting for five workdays (not based on the calendar but on Congress' workdays), did not produce anything. Senator Roberto Requiao, who could have submitted an alternative proposal at the beginning of the Senate work this year, preferred to wait for the end of the collective examination period to do it. He took the proposal of a former rapporteur—which had not been voted on—and submitted it as his own proposal. Meanwhile, 18 other reforms arrived. The result is that Senator Suassuna will need another 15 days to again formulate his proposal, with or without modifications stemming from the reforms that have arrived. Only then will the proposal be voted on, unless someone asks to examine it or unless the rapporteur himself—like the previous one—asks for collective examination so that everyone may become acquainted with a matter of such magnitude.

While President Cardoso asks voters to exercise pressure in order to have the Constitutional amendments

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approved—amendments that are being modified by rapporteurs, sometimes pleasing Planalto Palace—the lobbies that want the patent law to uphold "nationalist" principles circulate very comfortably in the Senate. The president's tactics will possibly be to let the Senate approve whatever it wants and then—pressuring the government bloc—have the Chamber of Deputies reject the Senate proposal and approve the project that the former passed several months ago. This is possible, and in this case the country will have a bill that will reasonably care for the interests of inventors and users, but not of those who want to continue without patents and who want to protect their products, which were invented by others. It remains to be seen, however, whether the deadlines that the Senate will set for voting on the bill will not entail too long a delay, something that might lead to a de facto situation in Brazilian-U.S. relations.

Contrary to what is being sought, the voting on the patent law should not be considered apart from the constitutional reform. Though legitimate in theory, this attempt to "remove regulations" from several topics in the Constitution will put matters of the utmost importance under common laws. This means that if Planalto Palace really wants to end the monopolies and their saga, it must negotiate, on a case-by-case basis, with the "nationalists," who survive under the shelter of the most diverse lobbies.

This is why, and we insist, all those topics must be part of a single political action plan of the executive branch, which cannot treat patents as a minor issue.

PT Leader Lula: 'No Reason' To Talk to Cardoso

PY0205014595 Sao Paulo AGENCIA ESTADO in Portuguese 2114 GMT 1 May 95

[FBIS Translated Text] Sao Paulo, 1 May (AE)—Workers Party [PT] President Luiz Inacio Lula da Silva today said he has nothing to talk about with President Fernando Henrique Cardoso. "It would be a conversation between deaf, mute people," Lula said. The PT leader today attended a public Labor Day rally sponsored by the Sole Workers Center (CUT) in Diadema.

Lula said he is not against the idea of conversing with Cardoso, noting, however, that there is no reason for holding that conversation now. He said the situation might change if Cardoso decided to "break with the PFL [Liberal Front Party] political colonels." In that case, he explained, the PT might vote for some government proposals. "It also depends on the contents of those proposals."

Lula added that workers have nothing to commemorate on this Labor Day. He recalled that the minimum salary of 100 reals is equivalent to only 42 percent of the minimum salary paid in 1985. He criticized the measures enforced by the government to restrict consumption. He said the government should have limited itself to restricting the demand for luxurious items, like imported cars. "In a country like ours, it is unwise to restrict consumption of products like beans and rice."

PT Scolds Genoino, Faction Backing Government Reforms

PY0105135595 Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Apr 95 Section 1 p 4

[Article by Carlos Eduardo Alves]

[FBIS Translated Text] The PT [Workers Party] executive board has decided to summon the main leaders of the party's internal faction "Radical Democracy" for an official meeting, because the PT believes that the positions of the faction are incompatible with the party's tactics.

The main leaders of "Radical Democracy" are Sao Paulo Deputies Jose Genoino and Eduardo Jorge. Senator Marina da Silva (AC) [Acre State] and Federal Deputy Milton Temer (RJ) [Rio de Janeiro State], among others, are also members of the faction.

Thirteen PT leaders who participated in the executive board meeting made this decision unanimously on 24 April. PT President Luiz Inacio Lula da Silva also voted at the meeting.

PT Secretary General Gilberto Carvalho was the only board member to support the idea of holding a confidential meeting and trying to eliminate all the controversies still existing with Genoino's group.

The idea of making the meeting something official prevailed, however, because the executive board diagnosed the problem as serious. The decision will be reported in the official PT publications.

The PT leadership plans to hold the meeting with "Radical Democracy" next week. Deputy Paulo Delgado (MG) [Minas Gerais State], who is not a member of any PT faction, will also be "summoned" to give some explanations to the PT leadership.

The "summoning" of Genoino's group is something uncommon in the PT, particularly because of the official manner in which it was done. Such a system is used only in extremely serious situations. It has been used with Trotskyist factions, such as "Workers Cause" and "Socialist Convergence."

Gilberto Carvalho said: "If a congressman works against our tactics, his voting with the party doesn't help much."

As an example of positions that are incompatible with party lines, Carvalho cited "parallel political negotiations or maneuverings," the defense of positions that admit an end to monopolies, and Eduardo Jorge's refusal to withdraw his amendment for the social security area.

By "parallel political negotiations or maneuverings" the PT secretary means participation by PT deputies in a meeting presided over by Senator Roberto Freire (PPS-PE) [Progressive Renewal Party, Pernambuco State],

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which attempted to make feasible negotiations with the government over the constitutional reform.

Less diplomatic than Carvalho, former Deputy Jose Dirceu harshly criticized Genoino. He said: "In reality, Genoino wants the PT to be the Fernando Henrique Cardoso administration's left, and currently he is the 16th government deputy leader in Congress."

Genoino asserted that he would agree to hold political discussions at any PT level. "Dirceu's accusation is a cheap one, and I only hope they are not trying to find a scapegoat and create a new artificial majority that has no projects for the party," Genoino said.

He complained about the lack of political discussions inside the party, and said that he is willing to dispute the presidency of the PT in Sao Paulo.

"I have never been late in paying my 30 percent contribution to the PT, and I have never voted against decisions made by the party," Genoino asserted.

Paulo Delgado said that he supports the transformation of the PT into a "negotiation party."

"Right" Comes from the Extreme

Within the political spectrum of the party, "Radical Democracy" is labeled as the "PT's right." The political origin of the party's main leaders, however, is the extreme left.

Jose Genoino, for example, was a Communist Party of Brazil militant, and participated in the Araguaia guerrilla movement in the 1970's. Later on he was one of the leaders of the PRC [Communist Revolutionary Party].

Eduardo Jorge was a militant of the Brazilian Revolutionary Communist Party (PCBR). Before creating "Radical Democracy" he was, together with Genoino, the leader of the PT faction "People's Party and Socialism," which acted several degrees to the left of the PT executive board.

The Genoino and Jorge group currently occupies 10 percent of the PT board positions and has a still larger presence in society.

Genoino, for example, is the Sao Paulo PT federal deputy who obtained the greatest number of votes, but "Radical Democracy" is politically isolated in the party, and has practically abandoned the PT internal dispute.

In the PT executive board meetings it is very hard to find any representative of Genoino's faction. One of them, Augusto de Franco, has left the party to work in the Community in Solidarity program.

With the proposal of "rethinking the role of the left"—which in reality means adhering to the theses of the "prudent left"—Genoino became the main enemy of the left and extreme left sectors of the PT, which see in the deputy the legitimate representation of the legend of the "hated" social democracy.

Poll Shows 'Declining Curve' of Cardoso's Popularity

PY0205033095

[FBIS Editorial Report] Rio de Janeiro JORNAL DO BRASIL in Portuguese on 24 April carries on page 3 an unattributed 500-word report on the "third round of a national poll made between 13 and 16 April by the Vox Populi Institute." The report says that the poll shows the "declining curve of the popularity of the government of President Fernando Henrique Cardoso."

Asked to assess President Fernando Henrique Cardoso's government performance until the present moment, 6 percent replied it is fine, 33 percent good, 9 percent bad, and 8 percent very bad. The percentages in the poll made in March were, respectively, 5, 38, 7, and 4, while those in February were, respectively, 7, 40, 7, and 4.

The poll also revealed that while 42 percent of those polled expect that under the Cardoso administration the situation will improve, 33 percent said it would remain unchanged and 17 percent said it would worsen. The percentages in the poll made in March were, respectively, 51, 30, and 12, while those in February were, respectively, 56, 27, and 10.

The poll also showed that while 40 percent of the people believe that the Fernando Henrique Cardoso government will be good, 9 percent believe it will be bad. The percentages in the poll made in March were, respectively, 41 and 6, while those in February were 47 and 5.

Chile

Government To Test 'Real Spirit' for Accord in Congress

PY0105120095 Santiago EL MERCURIO in Spanish 25 Apr 95 p C3

[FBIS Translated Excerpt] The government will "test" in Congress, through various bills on legal issues, the "real spirit" prevailing in the different political parties for reaching agreement on important issues for the country, therefore, the government discarded the continuation of the debate on the creation of a dialogue between the Coalition of Parties for Democracy and the opposition.

Minister Secretary General of Government Jose Joaquin Brunner said yesterday that officials decided to close this chapter and to turn the page despite the opposition's "persistence" on this issue.

"This will not lead to any results," said Brunner, referring to the demand by the RN [National Renewal] and the UDI [Democratic Independenct Union] that the government actively participate in the dialogue.

Jorge Schaulsohn, president of the Party for Democracy, said that his party and the PS [Socialist Party] will insist on the need to continue to seek an agreement with the opposition parties on an agenda of issues proposed by

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the two parties after a proposal for creating a dialogue failed last weekend, when the RN and the UDI rejected the government's position not to join the negotiations in the first stage but only after the issues for discussions have been defined.

The groups of the right made the Christian Democratic Party [PDC] responsible for the executive branch's decision, and the leaders of the PS and the PPD felt the same way.

PDC President Alejandro Foxley revealed that on 23 April he again talked with President Frei on this issue because it seemed important to him that just as the PDC has been supporting the government policy on this issue from the beginning, it was necessary to continue to have very good communication with the president.

In this regard, Foxley said they fully agreed on the evaluation of the situation, and that President Frei reminded him that there are currently about 200 bills in Congress. He said the government submitted at least a dozen of them and that they could be used for seeking agreement to have them quickly approved.

Minister Brunner reiterated the government's position, expressed in the latest letter of the Interior Ministry, that the dialogue makes sense if it includes the bills currently being debated.

Brunner insisted that the executive branch rejected a formula of dialogue implying co-government through a mechanism forcing officials to sit at the same table with the parties.

He supports the beginning of a new round of contacts, "more discreet and away from the media, where representatives of political parties could responsibly and effectively prepare a procedure allowing progress toward an agreement."

Brunner also said that after President Frei sent a letter to political parties, the parties became involved in a maneuver that was like "some kind of search for a political view."

"They killed this interesting but very badly led initiative before it was born," said Brunner, who added that the idea of the groups of the right on co-government is not provided for in the Constitution, and does not have the support of the government. [passage omitted]

Air Force Commander Admits 'Abuses' During Pinochet Regime

PY0105183795 Madrid EFE in Spanish 1617 GMT 29 Apr 95

[FBIS Translated Text] Santiago, 29 Apr (EFE)—Acting Chilean Air Force (FACh) Commander General Fernando Rojas has admitted that "abuses" in the human rights field were committed during the almost 17 years of the military regime headed by General Augusto Pinochet (1973-1990).

In statements published today by the daily LA EPOCA, Gen. Rojas said that time still needs to go by before a reconciliation could be possible in the country, as "the families find it hard to reach a reconciliation due to some cases of abuse."

Asked who committed these abuses, Rojas said that "there were excesses on both sides and, naturally, the situation that is created when abuses are committed on both sides is hard to reconcile."

Asked what the FACh has done in this regard, the commander answered that "if it has any concrete information in this regard the Armed Forces, especially the FACh, order an investigation, and the corresponding legal proceedings are also ordered to be started by the court."

Regarding reports of cases of human rights violations that took place under Pinochet's regime, Rojas answered: "I believe the courts, and not the Armed Forces, are in charge of resolving these cases."

The FACh commander refused to refer to Argentine Army Commander General Martin Balza, who confessed that abuses had been committed against those who opposed the military regime during the so-called "dirty war."

He explained: "I cannot give an opinion regarding comments that do not refer to the country's foreign policy... It involves a friendly country, a very respectable institution, as is the Argentine Army."

On 27 April, Chilean Army Commander Gen. Augusto Pinochet commented that Gen. Balza had made the statements he made because "he was never under fire, as we were." According to Argentine Foreign Minister Guido Di Tella, Pinochet's comments caused unrest within the Argentine Government.

Moreover, Chilean Navy Commander Admiral Jorge Martinez Busch, in statements published by the Chilean media on 29 April, said that that institution "does not have to provide any explanations" about what happened during the military government between September 1973 and March 1990.

Colombia

Samper Vows To Continue 'Quest for Peace'

PA2904185895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 28 Apr 95

[Report by Juan Carlos Mateus in Valledupar, Cesar Department; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] President Ernesto Samper Pizano reiterated here in Valledupar his unwavering commitment to peace and said the social issue and productivity will be the cornerstones of our country's development.

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The president said that the Constitution and institutions must be respected in order to sit at the negotiating table with groups that have taken up arms.

[Begin Samper recording] We will remain stubborn in our quest for peace. Not only will we continue the search for a political solution for peace, which I have proposed and is still valid, but we will also continue to guarantee order throughout the country. [end recording]

Samper Pizano, who today also visited La Jagua de Ibirico, insisted that the National Police purge process will continue and that measures will be taken to end corruption there.

[Begin Samper recording] We shall continue cleansing the police because we want citizens to rest assured that we have an honest police force. [end recording]

Last, President Ernesto Samper Pizano ruled out any possibility of declaring a state of internal commotion to face Colombia's upsurge in violence.

Samper Views Credit, High Interest Rates

PA2804233795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 28 Apr 95

[Report by Amilcar Hernandez from the "Seven O'Clock Newscast"—passages within quotation marks recorded]

[FBIS Translated Text] In Cartagena today, President Samper announced he will continue tightening the belt around the health and education sectors so they will join the social pact. The president spoke this morning at the opening of the banking convention, during which he anticipated a 10-point reduction in banking cash reserves, which will immediately prompt a drop in interest rates.

Government representatives and bankers are meeting in Cartagena amid the most advanced technological novelties for providing financial services. The central issue could be no other than the growth of credit and the extremely high interest rates:

[Samper] "They are not getting anything by trying to get ahead in this race to increase interest rates, which is a market they are making more unstable and costly each day because of that ambition."

In his speech, President Samper anticipated the solution: to lower banking cash reserves; that is, to allow a greater flow of resources at banks.

Meanwhile, bankers welcomed the reduction in banking cash reserves, admitting they will reduce their interest rates, and they spotlighted the immediate effects of this measure:

[Cesar Gonzalez, president of the Banking Association] "I believe this measure, if implemented, would represent good news. It is good news for debtors of the financial system. It is good news for the very financial system, because no one is interested in having extremely high interest rates as the ones we have today."

Everything seems to indicate that May will begin with larger and cheaper credit, but the government and bankers are asking for prudence so as to avoid a precipitation that may affect the inflation rate.

Touts Economy in Labor Day Speech

PA0205040895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 2 May 95

[Speech by President Ernesto Samper on the occasion of Labor Day at Narino Palace in Santa Fe de Bogota—live]

[FBIS Translated Text] Colombians: On 1 May, we commemorate Labor and Workers Day. This is an excellent opportunity to speak about everything the people are interested in—things such as jobs, education, health, or housing.

For this reason, I have good news for you tonight. I will not talk about drug trafficking, guerrillas, or urban crime. I do not mean to infer that these subjects are unimportant. Of course, they are and have been for many years, but the Colombian people, starting with the media themselves, should think more about everyday subjects. It is right for acts of violence to be covered, but Colombia should be told about what is being done for personal income, the future, and our fellow Colombians' quality of life. We should stop reproducing everything that some foreign newsmen report about Colombia to stimulate fears or spread rumors that do not correspond to reality. Night invasions, incidents at archipelagoes, overpowering testimonies, startling ultimatums, and endless plagues are some of the things a few people think that can happen to us, but none of this, I assure you, will happen to us.

For this reason, I would rather talk about positive things—everything we in the government are doing so you and your families can live better. Let us start with jobs. In Medellin last week, I presented a National Job Plan that we will develop in the next four years. We will create 1,600,000 new jobs. There will be more and better jobs. The idea is not just for people to have a job, to be busy doing something. No, the idea is for people to have a good job with social benefits, to have a productive job—in other words, a job that can create more wealth. How shall we attain this far-reaching goal? First, by making the economy grow. More production in the countryside means more jobs. More exports mean more jobs. Greater industrial development also means more jobs. To produce more is an attainable goal. The Colombian economy is growing well. While other countries' economies are encountering difficulties, ours has stayed firm as a rock in the middle of storms in neighboring countries.

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Very important publications have agreed that the Colombian and Chilean economies set the pace in Latin America. To keep growing, we are approving loans for businessmen, constructing new highways, and updating railroads and ports. We are providing technological support so we can become more competitive. Starting next week, we will fight contraband more vigorously. I will not let the effort of many Colombians, who are producing honestly, to be destroyed overnight by the action of scoundrels who are smuggling in foreign goods at ridiculously low prices often to launder money from illegal activities. As president, I am not interested in creating jobs for outsiders, but for Colombians. Anyone who buys smuggled goods is stripping some Colombian of a chance to work.

One of the National Job Plan's most important programs deals with micro-businesses. In Latin America, Colombia has the largest number of small businessmen. We have more than 1 million small businesses, which include small family enterprises, borough stores, home-based manufacturers, bakers, metalworking shops. My government will back all of these activities and honest efforts with unsecured loans, technical assistance, and help in marketing their products. Through the IFI [Industrial Development Institute], we have allocated resources to create 350,000 new micro-businesses. Loans of more than 100 billion pesos have already been approved for more than 9,000 small businessmen. The idea, however, is not, as it is said in the street, for businessmen to wear ties. No, we also need better jobs and people with higher qualifications. For this, we will transform Sena [National Apprenticeship Service].

Sena will offer training for employment in large enterprises and will support the development of new Colombian technicians. We will increase to 600,000 the number of courses offered by this institution. For the first time, beginning in the second half of this year, we will offer subsidies to more than 100,000 young people so that they may study and work in the framework of a scholarship-work program.

Mothers who are heads of families—those giving mothers who also act as fathers of their children—will receive support through the social solidarity network in order that they may find jobs without abandoning their homes. For people who have jobs, we will have fewer guerrillas in the countryside, fewer militiamen in the city streets, fewer young criminals, and fewer mules [drug couriers] caught at international airports. This is why employment is necessary.

Allow me now to talk to you about other issues that have to do with Labor Day. I want to tell you about the Social Pact. Thanks to your support, the bloated prices that have been reported on television have continued to lose air. In the first few months of the pact, we were able to reduce inflation by more than two points in comparison with last year's figure for the same period. This is an achievement we all share. We must continue working with the pact.

Some sectors are beginning to show a lack of discipline. We are not going to tolerate this. The government is going to implement all possible measures to keep a few, especially in the health and education sectors, from cheating on the pact.

I invite all parents and citizens in general to denounce abuses against the pact.

Regarding health and education, on this Labor Day I wish to cordially but firmly ask doctors and teachers to pursue their salary ambitions calmly. The government knows better than anyone that it is necessary to improve the labor conditions of these Colombian workers. I have always said that with ill-paid teachers and doctors we will never be able to aspire to improved health and education. Within the framework of the social development program, my government has decided to produce substantial salary increases for these state workers, perhaps the increases will not be as much as they expect, but they will be very much higher than average government increases.

In the next three years we are going to invest more than 1 billion pesos in improving the standard of living of doctors and teachers, but do not ask me to do this overnight or to compensate in a few months those who for years have endured injustice. Do not ask me to make this effort in exchange for nothing. I do not want the same thing to happen in the education and health sectors that happened in the justice sector in recent years. The salaries of judges were increased, which is fine, but the justice system continued wavering.

There is no use having better paid doctors but ill-equipped hospitals whose emergency services are nonexistent. There is no use increasing teachers' salaries if double shifts continue, teachers do not prepare themselves, and we continue to have a deficient educational system.

I invite teachers, doctors, and health workers to think carefully, be patient, and, especially, contribute to better health and better education. This is what the Colombian people want and expect from you.

We are working on the platform to which I committed myself when I was sworn is as chief of state, as leader of the people. It is the people who have made this a grand country.

During the first months of my government I have gone through all sort of crises and difficulties. I have received and I have opposed domestic and foreign pressure, some of it directed against my honor and that of my family. Never, not even during the most critical moments of these first few months, have I felt alone. I have always felt the presence of the people around me. This has allowed me to move forward. Many thanks for giving me this permanent feeling of solidarity.

Colombians, on this Labor Day I invite you to renew our commitment to upholding those values that have made

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the Colombian nation a respected and respectable nation: our commitment toward honest work, a commitment that is so very necessary in this era of temptation for easy money; our commitment toward solidarity, which has permitted us to stand united in the face of all international efforts to discredit us; our commitment toward family values, which today and forevermore is the most sacred one; and our commitment toward the value of dignity in the face of moral turmoil. On this Labor Day, I invite you to renew our faith in Colombia and to continue working for it. Good night.

Investigation of Politicians Supported

95CA0206A Santa Fe de Bogota EL TIEMPO in Spanish 23 Apr 95 p 4A

[Commentary by Enrique Santos Calderon: "The Prosecutor General's Bombshell"]

[FBIS Translated Text] The measures adopted by the Prosecutor General's Office this week are explosive, to say the least. This is perhaps the most serious judicial decision made to date by the Colombian State dealing with the penetration of money from the drug traffic into political activity and the Congress of the Republic.

The list of those implicated in the investigation conducted by the Prosecutor General's Office is as long as it is impressive: the Chamber president and member of the Liberal Party Directorate; three members of the Senate Foreign Relations Committee; the tax reform rapporteur; and three other Congress members as well.

The comptroller general, David Turbay, also showed up, because of a matter involving a few hotel bills in Cali during some of his political excursions. Moreover, the detention of the ex-senator and ex-ambassador, Eduardo Mestre, is a dramatic epilogue for the political career of an intelligent, clear-thinking man who, nevertheless, did not know how to handle his relationships.

The Liberal Party is not coming out of this episode very well. All of these individuals belong to that party, and two, to its National Directorate. But it is time to distinguish the cases, because three different situations are involved.

Now, we must prepare for a period of uneasy suspense, while the Court decides on the fate and political future of the prominent persons whom the Prosecutor General's Office has identified as presumably involved with hot money.

Everything will depend on the soundness of its investigation, which is known to contain thousands upon thousands of pages, having lasted nearly eight months. All the congress members involved, as well as Comptroller Turbay, have denied ever having received money or favors from the Cali Cartel. Now, they will have the opportunity to prove their innocence before the Supreme Court.

This episode is making the atmosphere even more tense, and will reinforce the view held abroad of Colombia as a "narco-democracy" (you should see the dispatches from the international press agencies). However, beyond nationalist considerations or concern over image, what is important now is getting to the bottom of it. Any doubt or ambiguity regarding links between politics and the drug traffic must be clarified. And drastic measures must be taken (beginning with the loss of congressional investiture), in in the cases wherein such connections are proven.

It would be dreadful if this investigation were to be left half-finished, or if this entire episode proved to be a tempest in a teapot. For the good of the country, the purging of politics, and clear visibility in the Congress, this is an investigation that must be taken to its final consequences.

The government has supported the action of the Prosecutor General's Office, and it could hardly fail to do so. When Samper's presidential campaign itself has been sullied by the scandal of the "narco-cassettes," the government must be concerned with the swift, forceful clarification of these incidents.

Of course, the ideal would have been for the government, at the outset, on the day after it took office, to have ordered a thorough investigation of all the charges of the drug traffic's penetration into the political campaigns. Because everything being done now will appear to be a result of the pressure from Washington and of Senator Helms' attacks.

The step taken by the Prosecutor General's Office also will reinforce the conviction held in the U.S. that Colombians have to be "pressed" to act. And we can be sure that they will continue to tighten the screws.

To what extent? To what extent will the Colombian Government withstand an increasing pressure, and to what extent do the U.S. Government and Congress intend to exert pressure? The period given to Colombia by Helms to put an end to the drug traffic is absurd and unrealistic. As Ambassador Lleras de la Fuente has so aptly commented, it is as ridiculous as it would be to ask the U.S. not to have any addicts by February 1996.

The decision of the Prosecutor General's Office is further proof of the Colombian State's effort to neutralize the drug traffic's activity. It is added to other events of recent days, such as the death of the police major and the downing of the fifth helicopter engaged in eradication work. Further examples are the seizure of 1.5 tons of cocaine at the Cali airport itself, or Samper's announcement of a gigantic investment of $2 billion to combat the drug crops.

Out of conviction or coercion, or because of both factors, the government is bent on proving its will to combat the drug traffic. Many consider this a battle that is unevenly

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matched, unrealistic, or simply lost, so long as the demand and the illegality of the business continue.

In any event, it is a battle that the U.S. has not appreciated nor regarded highly, for all its sacrifices. Now that it too is undergoing the devastation of a domestic terrorism, and the horrors of a car bomb killing hundreds of innocent people, perhaps it will better understand what this has meant for Colombia.

Ecuador

Vice President: Conflict Undermined Income

PA2904020895 Quito Voz de los Andes in Spanish 2300 GMT 27 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Vice President Alberto Dahik has sketched a somber economic outlook for the economy. He has said the conflict with Peru has undermined the country's sources of income. The economy will not grow at the rate we had predicted; consequently, there will be less resources, less imports, and less tax revenues. Vice President Dahik made the announcement during a news conference.

Dahik has said investments will be postponed because of the armed conflict, which will slow down economic activities. The government was forced to change the goals of its economic policy for 1995 following the armed conflict between Ecuador and Peru at the beginning of the year. The economic authorities are searching for ways of covering, at whatever cost, a fiscal deficit that totaled 3.29 percent of the GNP. The imbalance was created primarily by the cost of the war.

Among the options the government is looking into to correct the fiscal deficit is the elimination of certain value-added tax [VAT] exemptions and government spending cuts. Such cuts have a limit designed to protect economic growth rates and public service quality. New resources must be found, and the government believes that lifting certain VAT exemptions is the best way. Despite the situation, congress has refused to approve new measures, particularly the government's VAT proposal. Alberto Dahik has said the economy was once capable of facing the enormous cost of the armed conflict. If, in fact, the nation recognizes this truth, Congress should be responsible enough to do its part.

Vice President Alberto Dahik has said the president will be forced to reduce the 1995 fiscal budget and to examine other options for resolving the imbalance, which was triggered by the conflict with Peru, if Congress does not approve the measures proposed by the government to close the fiscal gap:

[Begin Dahik recording] We hope Congress solves this matter. We hope it understands the country needs to keep its economy in order. Nowadays, no one, absolutely no one in Ecuador can deny the government was right. It was right to say the economy must be handled seriously. It was right to take all those measures that were so harshly criticized.

No citizen today can deny that these decisions have made the Ecuadoran economy capable of covering the enormous cost an armed conflict entails without suffering any major damage; therefore, if in fact, the country realizes this to be true, I believe Congress should be responsible enough to do its part regarding the government's proposals. [end recording]

Other options the government is studying to face the fiscal deficit include the elimination of several VAT exemptions. Vice President Alberto Dahik, an economist, has also said that new resources are essential and that the government believes the best way to generate funds is to lift certain VAT exemptions.

General Asks Fujimori To Consolidate Peace

PA3004195995 Quito Voz de los Andes in Spanish 1230 GMT 30 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] General Paco Moncayo, head of the Ecuadoran military in the theater of operations during the recent undeclared war with Peru, has asked Peruvian President Alberto Fujimori to demonstrate his conviction of an intelligent statesman to promote the development of Latin America by consolidating peace. Fujimori is an intelligent man, and we see that he has adopted a different attitude on the border conflict with Ecuador, asserted Gen. Paco Moncayo, considered the mastermind of the successful Ecuadoran military resistance in the war from 26 January to 28 February over the control of an undelimited border area in the Amazon jungle.

He highlighted that Fujimori is a statesman and a very intelligent man, adding that after his reelection, the Peruvian president will think things over more carefully. Fujimori has objectives to fulfill in order to benefit the entire American continent. We are confident that he will contribute, with prudence, to the development of the entire region, Paco Moncayo remarked.

Gen. Moncayo asserted that the only way to find a firm and definitive solution to the border dispute between Ecuador and Peru is by designating an arbitrator. That should be the only authority that may define the problem by favoring the position of whoever is in the right. Meanwhile, I do not foresee that any of the countries will give up their positions, he continued.

Gen. Paco Moncayo admitted that President Sixto Duran-Ballen has recognized the provisions of the Rio de Janeiro Protocol, signed by both countries in 1942, establishing new borders. The officer added that the fact that the treaty is in force does not prevent Ecuador from presenting its position and aspirations, which are based on irrefutable historical and juridical criteria.

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After a vast part of the border was demarcated, Ecuador declared that the Rio Protocol could not be implemented due to basic geographical errors discovered years later, such as the existence of the Cenepa River Valley. This was the scene of the recent fighting and similar fighting in 1981.

Last Wednesday, Gen. Paco Moncayo, together with his troops, left Tiwinza in observance of the provisions set forth in the Itamaraty Agreement to achieve demobilization and demilitarization of the high Cenepa Valley.

Profile, Challenges of New Finance Minister

95SM0300A Quito EL COMERCIO in Spanish 7 Apr 95 p A2

[Article: "Mauricio Pinto: the President's One-Man Band"]

[FBIS Translated Text] The positions that Mauricio Pinto has held during the government of Sixto Duran-Ballen are so varied that among his closest friends he is already known as "Sixto's one-man band."

This 42-year-old industrialist from the capital city began this journey at the start of the regime. First, it was as Minister of Industry, Commerce, Integration and Fisheries [MICIP] on 10 August 1992, and he kept the position for 11 months, until July 1993.

Alleging personal reasons, Pinto left the MICIP in a very unorthodox manner: he did not wait for his resignation to become official. When he left office, he said that he had waited 40 days for the president to confirm his departure, "and since he did not do so, I decided to leave..."

Weeks later, this businessman—related to a traditional line of Quito textile manufacturers, married and with two daughters—again defied all logic: he was appointed the personal representative of the President of the Republic to the supervisory organ of the country's monetary policy, the Monetary Board.

In the course of carrying out that function, he established solid ties of friendship and trust with Ana Lucia Armijos, president of the Monetary Board (who had replaced Roberto Baquerizo), and with Augusto de la Torre, manager of the Central Bank. Both Armijos and de la Torre are very close to Vice President Dahik.

Later, with the departure of the banker Marcel Laniado from the presidency of the National Council for Modernization [Conam], Sixto for the third time called upon Pinto, who returned to the political arena strengthened by his experience in business management, but also with much power—supplied, according to sources in the Palace of Government, by his old friendships at the Monetary Board and the Vice Presidency of the Republic.

Thus, Mauricio Pinto joined Conam in July 1994.

The recent internal crisis between authorities of the Finance Ministry and the Monetary Board took a turn that involved him again. Sixto called on him for a fourth time following the departure of Modesto Correa. But this time, the mission is more complicated than ever: he must fill not one but two power vacuums simultaneously. The president decided to entrust him with the portfolio of finance minister, while continuing to occupy the presidency of Conam.

Thus, Mauricio Pinto, somewhat reserved in his public conduct, must carry forward the government's economic program: fiscal reform and privatization.

It is not clear why the government chose this transitional formula. Pinto himself said yesterday that he is accepting the presidential appointment "until the new president of Conam is appointed."

The government deputy, Freddy Bravo, sees a reason of form rather than substance. "Conam's regulation establishes that the natural president of that body is the minister of finance, and that official is Mauricio Pinto."

Larreategui Speaks

For his part, the secretary for administration, Carlos Larreategui, described ex-Finance Minister Modesto Correa's decision to resign as ethical and responsible.

"There are always differences within the government, and there were differences on fiscal matters. When an official disagrees with certain decisions, he leaves. The departing minister disagreed with certain policies that had the backing of the government."

Larreategui said that Pinto enjoys the president's confidence and that he will follow the policies of the Economic Front, which is neither autonomous nor with a life of its own.

"The only line being followed is that laid down by the president, who is trying to maintain a balance, because there are objectives that go far beyond the perspectives of a single sector."

Customs: The First Headache

One, and perhaps the first, priority of Mauricio Pinto Mancheno as head of the Finance Ministry is customs. Modesto Correa's departure, in effect, caused considerable dissatisfaction in Guayaquil among several high officials, who left, leaving the organization in critical condition: There are no trained officials, there are no technical or material resources in general, corruption (denounced by important sectors of the economy and public opinion) is increasing, while losses of containers continues...

The system of custom reforms initiated by the previous minister, supported in large part by the work of international investigative companies, is another subject that Minister Pinto will have to deal with. It is generally known that some sectors of the economy have been

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opposed to the current ground rules that regulate the entry of goods into the country.

Another very important task is the restructuring of the overall organization of customs throughout the country, particularly that of Guayaquil, one of the most complex because of the many economic interests that must be considered there.

According to statements by experts on the subject, customs offices in the country's principal port are honeycombed with corruption.

Will Tax Collections Improve?

The second priority on the finance minister's brand-new agenda relates directly to the management and control of public finances in general, and particularly to the possibility of exercising strict control over fiscal expenditures.

One of the differences between the monetary and fiscal authorities, which resulted in the departure of the previous minister, was related to the apparent laxity of Modesto Correa's control over state spending.

Now, Mauricio Pinto will be able to close ranks with the other economic authorities in order to adjust macroeconomic goals in fiscal matters; specifically, as they relate to balancing the budget, although the state had to spend close to a trillion (920 billion) sucres on the armed conflict with Peru.

Thus far the experts have been clear: the alternative of improving tax collections passes of necessity through a fundamental reorganization of the administrative structure of the Ministry of Finance and, within it, the Directorate General of Incomes.

Pinto announced yesterday that a change in that direction is already under way, and there is a commitment to apply modern techniques in redesigning procedures. Additional revenues will be used for social programs.

VAT and Privatization

In his dual capacity as minister of finance and president of the National Council for Modernization [Conam], Mauricio Pinto has, among his varied priorities, control of public spending, improvement of tax collection, and management of the process of privatization of state-owned enterprises.

Although the task has been regarded as transitional by President Duran-Ballen, it will be complicated for Pinto because of the current political situation.

In order to achieve substantial tax reform, the government in effect requires the approval of Congress. And the legislators, including their president, have announced that they are not disposed to allow the imposition of more taxes.

The main thrust of the government's tax reform at the moment is for a reform of the Value-Added Tax [VAT] and its schedule of exemptions.

The government foresees that, if the changes are approved by Congress, the state will be able to collect more than 200 billion sucres each year, an amount that could improve the government's financial situation and, at the same time, reduce the fiscal deficit. This goal was agreed upon by the fiscal authorities and the international organizations, such as the IMF.

Pinto's task in this area is therefore very important, and it will determine to a large extent his effectiveness in the Finance Ministry.

The privacy program will be equally complex for Pinto, as president of Conam.

With a series of legal reforms half completed (Emetel [State Telecommunications Company] Electrification, etc.), and with a Congress that shows little interest in supporting all of the government's initiatives, the finance minister must seek consensus so that his administration is not paralyzed by a legal process that is unpopular with investors.

[Box, p A2]

Will the Fourth Time Be the One?

Mauricio Pinto arrives at the Finance Ministry today. It is the fourth time that he has assumed public office since the beginning of this government. Although he left his first position in a very peculiar manner, he returned to the government at the direct request of President Sixto Duran-Ballen.

Everything seems to indicate that the industrialist is returning with more power than ever: he will preside over the Economic front, as is his right as finance minister; he will keep control of Conam, the privatization agency created by this government; and he arrives with the backing of the president and of the economic authorities.

In this situation—completely novel in the recent political life of the country—the new minister has been given a privileged position from which to deal with the most delicate questions in matters of the economy: the reordering of fiscal policy and the push toward privatization, on the front burner during the government's final year.

In fact, among other tasks, Pinto will have the responsibility for conciliating positions inside the Economic Front, which have been at odds since the end of last year. The differences between the president of the Monetary Board and ex-Minister Modesto Correa over the management of fiscal policy and of spending during the war with Peru affected the government's cohesiveness in economic matters since August 1992.

On fiscal matters, because the government must adjust its books to close the year in balance, the new minister will initiate reforms in the current structure of the VAT—as he announced yesterday.

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In reality, this already began last week, with the appearance of the Economic Front before Congress, when these officials proposed the elimination of certain exemptions to the VAT. The task will not be easy. They already failed in their first attempt because the deputies, including the president of the Congress, Heinz Moeller, are opposed to new taxes.

Therefore, Minister Mauricio Pinto will have to find a point of political consensus within Congress in order to try to carry forward fiscal reform, avoiding at all costs an early political decision.

This proposal is very important to the government, and Pinto knows it: It could signify revenues of at least 200 billion sucres to the central budget. It would also fulfill one of the recent commitments made by the monetary authorities to the IMF.

As president of Conam, also, the outlook for Pinto is cloudy. Privatization has not progressed with the speed hoped for by the government: Emetel does not have a reformed law; neither do the electrical nor the petroleum sectors.

It seems likely that, with the power he has accumulated, Pinto will be able to go full speed ahead and forget about concessions, to go all the way to a complete turnover of the ownership of state enterprises.

[Box, p A2]

Curriculum

Family—Mauricio Pinto is 42 years of age. He is married and has two daughters.

Profession—He is a textile engineer, with a specialization in administration.

Positions Held—Minister of industry; subdirector of the Banco Popular; vice president of the CFN [National Financing Corporation]; president of the industrialists of Pichincha; president and director of CAF [Andean Development Corporation]; director of Junac [Cartagena Agreement Board].

Current Positions—Minister of Finance and president of Conam.

Financial, Business Leaders View Macroeconomic Goals

95SM0302A Guayaquil EL UNIVERSO (MUNDO ECONOMICO) in Spanish 18 Apr 95 p 3

[Article by Maritza Carvajal: "Ecuador Seeks Foreign Capital"—first paragraph is EL UNIVERSO introduction]

[FBIS Translated Text] *Guayaquil Stock Exchange conducts seminar for investors.*

Miami, USA - The establishment of direct contacts between Ecuadoran businessmen and potential foreign investors was the outcome of the seminar "Ecuador, new emerging market," organized by the Guayaquil Stock Exchange last week in this city.

Before an audience of more than 200 persons from finance and business, Ecuadoran government officials and private businessmen conducted a joint effort to outline the macroeconomic program put in place by the government of Sixto Duran-Ballen, which encourages the entry of foreign capital, indispensable for the development of the country.

Vital for Development

In that connection, the vice president of the republic, Alberto Dahik Garzozi, stated that "there can be no growing economy that does not depend on external resources, because foreign capital is vital for development. The president of the Monetary Board, Ana Lucia Armijos, said that the government has a clear and definite position supporting the entry of the Ecuadoran economy into foreign markets. With this purpose in mind—said Armijos—the conduct of economic policy has been oriented toward reduction of inflation, maintenance of external solvency, and the inclusion of structural reforms that guarantee sustained growth—leaving more room for private initiative within a climate of clear ground rules for domestic and foreign economic operators.

Direct Foreign Investment

Regarding the impact of the tequila effect in Ecuador, Armijos said that the situation in Ecuador is different, because the importance of short-term capital (speculative) has not been important in financing the current account.

She explained that the deficit and the growth of the international monetary reserve have been financed basically by loans from multilateral organizations and by capital inflow from direct foreign investment, directed in particular to the petroleum sector. The net inflow of private capital in 1994—said Armijos—exceeded $850 million, of which 60 percent was from direct foreign investment, 25 percent from private external debt, and about 15 percent in short term capital.

This is occurring within the framework of a system open to foreign investment, which means the elimination of prior authorizations as well as of restrictions on the repatriation of profits, and the establishment of equality of treatment for domestic and foreign investors which began in January 1993.

Goals for 1995

Armijos said that in 1995, inflation is expected to decline by 19 or 21 percent, gross domestic product [GDP] to increase by between three and four percent, and the public sector budget to be balanced as a result of disciplined management of spending and vigorous tax collection enforcement to reduce tax evasion.

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For the balance of payments, the goal is to maintain a level of monetary reserves equal to four months of imports of goods and services, together with a slight reduction in foreign debt in relation to GDP, Armijos said.

In order to promote the inflation goal, it is being recommended that wage and salary negotiations be based on anticipated and not past inflation, so that in no way would it exceed 20 percent, she said.

She went on to note that an important instrument for breaking up inflationary expectations is the floating exchange band, which will depreciate at 17 percent, compatible with inflation.

Armijos said that investment will be financed by utilizing foreign savings through deficits in the current account—in moderate ranges, three or four percent of GDP. This is why, she said, it is necessary that the public sector make an important and constant contribution which will complement that of the private sector and avoid excessive use of foreign resources.

Learning From Mistakes

The government's goals are being supported by private sector activity, which will make feasible obtaining foreign capital for the various productive sectors.

In that connection, the director general of the Guayaquil Stock Exchange, Enrique Arosemena Baquerizo, said, "We are an emerging society and we propose to do things properly. We are a vigorous capital market that has decided to grow in an orderly manner, offering a regulated environment, technically developed, which means transparency and clear ground rules to come and go freely. Being the last emerging market enables us to avoid the errors of nearby markets and to learn from their success," he said.

He pointed out that the shares of Ecuadoran companies are priced very well.

Arosemena emphasized the importance of the Stock Exchange Act since 1993, because, he said, it established clear ground rules and provided important tax incentives. The issuance of the general regulation and specific regulations were important promoters of stock market activity in 1994.

His statement is confirmed by statistics. At the moment, the Guayaquil Stock Exchange includes 85 percent of the total Ecuadoran stock market. The value of shares traded in 1993 increased by 26,000 percent in dollars, while the volume or number of shares registered an increase of 13,000 percent. This trend continued during 1994. The value traded in the stock market increased by 320 percent in dollars, while the fixed income market registered an increase of 160 percent. The total value traded on the Guayaquil Stock Exchange increased by 305 percent, for a value of $573 million, which represents 3.46 percent of GDP.

Positive Forecast

Apparently, the trend during 1995 will be similar, encouraged by state disinvestment, as the government, through the executive director of the National Council on Modernization [Conam], Patricio Pena, has confirmed the political decision not to back down on privatization.

In this regard, Pena stressed that "for us, the problem of social security is the reform, not any reform, but the reform. The most important program for us is that involving Social Security."

Pena explained that the country is already faced with the need to reform substantially the existing system, because the IESS [Ecuadoran Social Security Institute] is in crisis, and the current system has no future. This is because less than 17 percent of the Ecuadoran population is affiliated with Social Security, and less than 35 percent of the economically active population has access to its services. This is why greater participation by the private sector is proposed.

Pros, Cons of Oil Pipeline Expansion Viewed

95SM0302B Quito EL COMERCIO in Spanish 15 Apr 95 p A4

[Commentary by Oswaldo Davila Andrade: "Petroleum for 100 Years"]

[FBIS Translated Text] Among the arguments employed to oppose construction of a new oil pipeline, one which until now seemed the most troublesome and reasonable is the possible premature exhaustion of the oil reserves, which would leave a very expensive pipeline—$577 million—with nothing to carry, and which would mean "mortgaging the future of coming generations."

Far be it from us to try to act as petroleum experts, but after careful and patient study of the pertinent parts of the complex studies that have been done on the subject, and which EL COMERCIO agrees with in its edition of 11 April, the panorama seems not to be as grim as described by those who oppose the new oil pipeline. Let us see why.

Possible reserves, those estimated to exist in the Amazonian Region, are 35 billion barrels. The reserves already discovered "in place," as the experts say, are 23 million barrels. Using conventional exploitation techniques, only 24 percent of the "in-place" reserves can be recuperated. This gives us reserves that, originally, were 5.5 billion barrels. From 1972 until the end of 1994—22 years—2 billion barrels have been extracted. Therefore, 3.5 billion barrels remain—which, exploited with the same techniques, would allow us to have petroleum for some 21 years more, if 450,000 barrels per day are extracted.

This would be worrisome if the technology of petroleum exploitation had not progressed since 1972—which, fortunately for the country, is not the case. There are

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already techniques being used, in the United States, Canada, the UK and Norway, at least, which allow the recuperation not of 24 percent, but of 60 percent of existing reserves. This means that, of the 23 billion barrels already discovered, 13.8 billion barrels could be extracted. As two billion barrels have already been extracted between 1972 and 1994, 11.8 billion barrels remain to be exploited, which, at the rate of 450,000 barrels per day, gives us reserves for 72 years into the future. As it is very possible that exploration and exploitation techniques will further improve as we enter the next millennium, we could legitimately believe that the reserves originally calculated at 35 billion could be exploited to the extent of 60 percent—which means, at the same rate of exploitation, we would have petroleum for more than 100 years, beginning in 1995. And that, only in what the geologists call "cretaceous formations," which are the only ones that have been explored. It would be interesting to know what agreeable surprises the pre-cretaceous formations are saving for us, and what we can expect from the Peninsula de Santa Elena and the undersea wells.

With all this information that has been revealed by Minister Galo Abril recently—and that we do not know why was not made known earlier by previous ministers—it therefore seems logical to think about replacing the existing pipeline, rundown and connected to Colombia's, with a new one.

It is certainly expensive—especially if, to the $490 million pipeline, one adds highways, an increase in storage capacity, and buoys for tankers at Balao, that cost some $87 million.

Perhaps we should think about a foreign credit and increase the national debt by that amount; but if we are to be guided by experience, between the transactions and the bureaucratic tangle with which we Ecuadorians administer foreign loans, it is likely that we would soon have no pipeline, neither old nor new. Furthermore, if there are private firms prepared to take the risks, without prejudice to the Ecuadoran state, we think the best thing to do is to give them the job, see to the strict fulfillment of their commitments, and begin to think instead about how to use the funds from the petroleum to establish other, solid productive bases for the development of the country.

Congress President Reviews Trip to China

95SM0293A Guayaquil EL UNIVERSO in Spanish 11 Apr 95 p 5

[Article: "Moeller: China Is Interested in the Pacific Basin Market"]

[FBIS Translated Text] Beijing (EFE) - "China is clearly interested in the great Pacific Basin market of the future, and Ecuador must be part of it in order to make itself more important to the Atlantic bloc (Europe and North America)," the President of the Ecuadoran National Congress, Heinz Moeller, said here yesterday.

In an exclusive interview with EFE, Moeller reviewed his current visit to China, especially his meeting with th President of the Chinese People's National Assembly (ANP), Qiao Shi.

The meeting with Qiao was described as "frank and open" by Moeller, who also discussed the active Chinese policy, in its relations with Latin America, of counteracting the foreign policy of Taiwan, and its investments and activities on that continent.

Moeller was critical of the European Union, "the champion of openness, but which places restrictions on important Ecuadoran export products, such as the banana—because of which, in order to survive, we must not depend so much on Europe but orient ourselves more toward the Pacific markets, with a fundamental change in our geopolitical outlook."

Getting Away From Romanticism

The chief of the Ecuadoran legislature expressed regret that Spain's historic and affective bonds with Iberoamerica were not able to overcome those restrictions within the European Union, and said that "this requires us to get away from romanticism and to give priority to pragmatism."

Moeller said that he was impressed with Chinese economic development and liberalization in that field, followed "we hope, by political liberalization, which will be crucial if it wishes to follow the path of great nations, which is its appropriate place."

After discussing Sino-Ecuadoran economic cooperation in sectors such as mining, gold in Portovelo, and hydrocarbons, Moeller offered Ecuadoran technology in such useful fields as shrimp farming and banana cultivation, which could be adopted by China.

Another project agreed upon in 1994, that of Chinese cooperation in completing the trans-Amazon highway, was not begun because the necessary feasibility studies for the project were interrupted by the undeclared war with Peru.

Asked by EFE about press reports of the purchase by Ecuador of Chinese weapons, Moeller replied that "if Peru is arming to attack my country, Ecuador has every right in the world to arm in order to defend itself," and he cited statements by the writers Carlos Alberto Montaner and Mario Vargas Llosa to the effect that Peru had purchased arms from Cuba.

In internal affairs, the president of the Ecuadoran Congress explained to Qiao the working of Ecuador's unicameral legislature and the country's 17-party system, of which 12 are represented in Congress. Moeller's own party, the Social Christian Party, is the largest of these parties.

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Changes in Political Scenario Foreseen

95SM0297A Guayaquil EL UNIVERSO in Spanish 10 Apr 95 p 16

[Commentary by Alfredo Negrete]

[Text] Two events stood out during the past week which make it possible to anticipate how matters will unfold in the immedi ate future. In the style of the often repeated plot of the novels of Garcia Marquez there was the long anticipated dismissal of Modesto Correa, an economist in the Ministry of Finance. In this way a clear victory was won for the monetarist school of public finance. For the first time since the present administra tion entered office the group led by neoliberal figures inside and outside the government has carried out an internal shakeup within the cabinet.

The appointment of Mauricio Pinto to his new position in the administration, in this case the Ministry of Finance, implies that the CONAM [National Monetary Council] will be the exclusive responsibility of Dr Patricio Pena. In this way the control of monetary principles, public finance, and the extent of moderniza tion will be in the hands of a single group from a single region of the country. With wisdom and experience the president will convince the country that all of this was necessary to maintain national unity.

With its strategy consolidated and politically based on the absence of an organized opposition, the administration will undertake with enthusiasm its great, modernizing offensive.

They will try to forget the political errors and hasty action taken in the small matter of the Ecuadoran Aviation Company. With improved intelligence they will deal with the major chal lenges involved in larger tasks such as the reform of the Social Security System and EMETEL [Ecuadoran Telephone Company]. The confidential agreements and the subjective appraisals of the value of companies will not be repeated. So major changes will shake the public sector. However, this first event, which was the result of a cabinet crisis, cannot be separated from the other event, which was the result of discussions which took place in the Presidential Palace between the most senior representa tives of the executive and legislative branches of the govern ment. In the course of this week the possibility of new elec tions has been practically discarded. If new elections had taken place, the voters of the country would have been intensely polar o73 ized. However, in this case a consensus has been reached under which the most sensitive and controversial constitutional reforms will be handled in an extraordinary session of Congress.

The government is about to obtain approval of a juridical frame work for modernizing or privatizing—whichever it is depends on the angle from which you look at it—the so-called strategic areas of the economy. A political foundation is needed for such an objective which cannot be provided by the few supporters of Deputy Freddy Bravo or the scattered and remaining elements of what was once the party of the president. Much more support will be needed. Given the present composition of Congress, only the Social Christians can provide such support. In this way we will see that an administration nearing the end of its term of office will carry out tasks which are difficult and have high, social cost, so that when the required constitutional succession takes place, another political group will find the foundations firmly set and will dedicate itself, with very clean hands, to the work of social redemption.

It is possible that a strategy so conceived will face opposition. From the Center-Left voices will be raised, with painful effort, by the few remaining political figures of that group. However, they will be speaking as analysts of events, rather than as people who can do something. At best this may be an opportunity for Frank Vargas and the socialists to present a coherent rather than an extremist alternative. It may also be an opportunity for some independent candidate, accepting the nature of things and the symbol of modernization, to oppose the interplay of interests which always takes shelter in the approaching, important changes in economic affairs and to make an appeal for a great, national convocation of the people.

Democratic Left Deputy Views Center-Left Front

95SM0288A Quito EL COMERCIO in Spanish 3 Apr 95 p A3

[Interview with Democratic Left Deputy Andres Vallejo; place and date not given—first two paragraphs are introduction]

[FBIS Translated Text] The Democratic Left party [ID] has halted negotiations with other political groups, including the Popular Democracy party [PD]. Nevertheless, it is still interested in promoting a front built around the Center parties.

Andres Vallejo is a national deputy of the Democratic Left party. He was a cabinet minister and chairman of the Monetary Council under Rodrigo Borja and was also an ID leader. For a time Andres Vallejo was known as the power behind the throne of Rodrigo Borja. In Congress and in his party he has always been involved in pulling the strings of politics. In the following interview he talks about the ID and the Center-Left Front.

[EL COMERCIO] According to what Jorge Gallardo, your party leader, said on 24 March, the Democratic Left party has halted negotiations with all other parties. Why?

[Vallejo] The situation required it. Nobody can ignore the fact that there are new factors present on the political scene. These range from the approval of constitutional reforms to the territorial conflict with Peru. These new elements have caused changes in the whole country.

[EL COMERCIO] Will Jose Gallardo be the leader of the Center-Left Front?

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[Vallejo] It may or may not be. No one can deny that he has emerged as an alternative candidate, due to his clear and prudent attitude, which is also, no doubt, patriotic. However, this does not mean that, in fact, he is a possible candidate for the presidency or that he can be elected president. He is a factor worth considering.

[EL COMERCIO] In the ID there are three different, possible tickets. One of them is the team of Frank Vargas Pazzos and Jorge Gallardo. The second consists of Jose Gallardo and Cesar Verduga. The third is led by Rodrigo Borja and Andres Vallejo. Why have they been unable to join together?

[Vallejo] Rodrigo Borja is not interested in reelection. If he were, there would be no discussion within the party.

[EL COMERCIO] Well, then, are there different factions in the party?

[Vallejo] Within the ID, it is essential to set up the broadest possible position for the election campaign, looking toward the next government administration. There are no factions or committees or advocates of this or that view. All efforts now under way are in that direction.

[EL COMERCIO] What is the real problem in the way of setting up a Center-Left Front?

[Vallejo] People have talked about setting up the broadest possible kind of front. We should not talk about the names of people interested in that. Unfortunately, the names of possible candidates have already been mentioned, which makes the establishment of such a front rather difficult. The most logical and effective thing to do is to set up the front around a basic concept and then see the best choices available for president. I have always believed, and I still do, that the early candidacy of many people makes the formation of such a front more difficult. A winning ticket in the 1996 elections, with a successful group of supporters running all the way to the Extreme Right, such as Jaime Nebot, must be broad and open and must not exclude anyone.

[EL COMERCIO] It has been rumored that Jamil Mahuad could be the running mate of Jaime Nebot. In addition to that rumor the Popular Democracy party has recently shown a tendency to move toward the Right.

[Vallejo] I continue to believe that the country has a tendency to move from the Center toward the Left. The last government and those advocating the privatization of the economy made people believe that you have to move in this direction. I hope that all of those who have followed this tendency will instead go where they should be.

[EL COMERCIO] What happened to the committee which was conducting a dialogue with the Popular Democracy party?

[Vallejo] Everything is frozen for the time being while the various restatements of the situation are under study.

[EL COMERCIO] Is the relationship between Borja and Hurtado an obstacle which will prevent a Center-Left Front from being established?

[Vallejo] This is a matter which goes beyond likes and dislikes, if they exist. Both of these men are statesmen who stand above such things.

[EL COMERCIO] What happened to the groups which wanted to join with the APRE [Ecuadoran Revolutionary Popular Action party]?

[Vallejo] Neither the party nor its leaders have made any commitment in this regard. This will only happen when a resolution to this effect is adopted.

[EL COMERCIO] So those who wish to support the APRE might quit their respective parties?

[Vallejo] No, and let's not talk about that.

[EL COMERCIO] What is the ID doing right now?

[Vallejo] There is a clear tendency toward trying to organize the Center-Left Front. This is the basis for what it is doing.

[EL COMERCIO] Has Cesar Verduga returned to reorganize the party?

[Vallejo] He is a party member who agrees with 99 percent of the rank and file and has the same outlook.

[EL COMERCIO] Has Jorge Gallardo given up his ambition to be president?

[Vallejo] He has no reason to do that. And many other people within the party also have no reason for doing so.

[EL COMERCIO] Like Andres Vallejo?

[Vallejo] There are many more of them.

[EL COMERCIO] Who are the others?

[Vallejo] Rodrigo Borja, Raul Baca, and Jorge Gallardo.

[EL COMERCIO] The ID was the first organized and modern party in the country, but then it fell apart. Some members accuse Andres Vallejo of responsibility for this breakup, because he closed off everything outside a party elite group.

[Vallejo] That means that you do not know the party. When a party becomes the government, many mistakes are made in the relationship between party and government. This is not fiction, and no one is responsible for it. This is a fact. Power wears you out and especially so when you hold power for the first time.

In the world and in Ecuador the Center-Left lost its ability to speak, as well as the political initiative, which fell into the hands of the Right. However, a change is beginning to take place and a return to the normal

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situation, because the Right is only focused on macroeconomic problems. Already the Center-Left has returned to power in Brazil, Costa Rica, Colombia, and Uruguay.

Consensus Sought on Constitutional Reforms

95SM0293B Guayaquil EL UNIVERSO "SUNDAY" SECTION in Spanish 16 Apr 95 p 9

[Article: "Consensus Sought on Reforms"]

[FBIS Translated Text] There is little agreement between the Executive and the Legislature regarding the items pending in the proposal for reforms to the political constitution of the Republic. Nevertheless, the two branches of government agreed to renew talks in the middle of the coming week, in an attempt to reach a consensus.

Privatization of those sectors of the economy considered to be strategic—social security, changes in public employee unionization, and the system for selecting magistrates—are the subjects that make reaching a consensus difficult.

The members of the Committee on Constitutional Affairs of the National Congress and representatives of the Executive, in their first meeting, defined the procedures that they will use in their discussion of the 28 articles pending, until the beginning of the period of extraordinary sessions on 2 May.

In addition to the three controversial items, there are other pending articles related to education and culture, environment, elimination of intermediate elections, legislative reform, decentralization of the state administration, and the creation of the Tribunal for Constitutional Matters and for Guarantees of Rights.

The Executive and the Legislature will have a second meeting on 19 April in an attempt to reach a consensus on the constitutional reforms still to be approved.

Social Security and Popular Promotion

The Secretary of Public Administration, Carlos Larreategui, said that the Executive would agree to an obligatory contribution to the Ecuadoran Institute of Social Security [IESS] from those who prefer private insurance, in order not to underfinance that institution, but he stated that the insurance agency must be able to compete with the private sector.

The executive's proposal thus affiliates workers with the obligatory social security system, but they will have the right to choose the social security institutions that suit them.

The provision of one or more social security services can be carried out through public, private, or mixed institutions or firms.

Sectors of the Economy

There is no agreement on this subject, considered to be the most controversial, because the President of the Committee on Constitutional Affairs of Congress, Xavier Neira, favors retaining the concept and opening up strategic areas to private concessions up to 35 percent.

Government spokesman Carlos Larreategui said that the government is in favor of a delegation of authority, because this would make possible various alternatives, such as concessions and privatization.

Through concessions in those cases and under circumstances prescribed by law, the state would be able to turn to other sectors of the economy for the provision of those services, including such activities as prospecting, exploration, exploitation, and administration of nonrenewable natural resources.

Labor Rights

The right of workers to strike is one of the items on which consensus is near. Both sides believe that limitations are necessary.

All public sector enterprises that supply basic services will be prohibited from suspending services as a result of a strike; the rights of the public must take precedence over the rights of workers.

The text that is under review by the two branches of government would establish that public, semipublic, or private enterprises or agencies that perform activities or services of public interest will not be able to totally suspend their activities; strikes would be prohibited in medical services provided by the state through public sector institutions.

Merger of Parties Seen in Election Year

95SM0301A Quito EL COMERCIO in Spanish 17 Apr 95 p A6

[Article: "An Alternative, the Merging of the Parties"—first paragraph is EL COMERCIO introduction]

[FBIS Translated Text] *The election year will bring surprises for the political groupings. The parties should seek alternatives to face up to the independents and the country's nascent political images.*

The year 1996 will be a defining one for the 15 recognized political parties. Their destinies, their composition, their future will surely change due to the constitutional reforms that are changing the electoral system.

Along with other reasons, independents will be able to participate starting with the next elections, and the strength of their appeal and their following compared with that of candidates affiliated with political parties will be measured.

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In addition, next year will determine the fate of the CFP [Concentration of Popular Forces], FADI [Broad Front of the Left], LN [National Liberation], PLR [Radical Liberal Party], PSE [Ecuadoran Socialist Party], PUR [Republican Unity Party], and PUL [Latin American Union Party], all of which are on probation for failing to obtain 0.04 percent of the vote in the 1994 elections.

What can the parties do to become stronger? What are their alternatives?

The electoral panorama changed markedly, following the armed conflict between Ecuador and Peru. The political groupings no longer must face only the independents, but also the figures that emerged after the conflict -especially those who have already been candidates for some time.

Those figures include Defense Minister Jose Gallardo and Congress President Heinz Moeller.

It does not matter whether or not they have accepted the role; they must be taken into account.

According to political analyst Patricio Moncayo, before the war it was possible to define the positions of the parties in terms of their collaboration or their opposition regarding the government.

"Following the conflict, and as a result of the unity invoked by President Sixto Duran-Ballen, oppositon to the regime is no longer a weapon that can be used by parties hoping to gain power next year."

Therefore, tactical ability will become important in this new electoral period. Party alliances will be one aspect.

"The small parties should consider merging. In addition, the presence of independents will cause them to consider the need to find person who have mass electoral appeal."

Otherwise, we shall witness their already foreshadowed extinction and death (and their are seven of these parties).

Another consideration is that the parties that did not mark out a clear position regarding the government before the conflict (the center-left) may try to recover the ground they lost.

The Vice President of the Supreme Electoral Tribunal [TSE], Medardo Oleas, shares these views and contributes others.

"It is logical, for example, that the Socialists should want to merge with the APRE Ecuadoran Revolutionary Popular Action. To remain independent at all costs means that they will vanish.

"The small parties must merge or join big parties in order to form large ideological blocs that possess affinity."

Oleas believes that, based on the results of the last elections, there should be six parties: the Social Christian Party (right), Democratic Left and Popular Democracy (center), Ecuadoran Roldosist Party (populist), Popular Democratic Movement (left), and at certain intervals an incursion by the Alfarist Radical Front or Revolutionary Popular Action.

Oleas points out that the political groupings should update their platforms and programs of government to meet the challenge of the independents, the new electoral figures, and the possibility of reelection.

"I think that the independents are a novelty. The 1996 elections are going to show us that the only way to govern ourselves is with bigger political parties."

Frank Vargas Discusses Constitutional Reforms

95SM0301B Quito EL COMERCIO in Spanish 17 Apr 95 p A2

[Interview with APRE deputy Frank Vargas; place and date not given: "For a Great Debate"]

[FBIS Translated Text] *General Frank Vargas, APRE [Ecuadoran Revolutionary Popular Action] deputy, has very definite ideas on the subject of constitutional reforms. He does not think that they should be decided by 52 votes, but through a broad national debate. To do otherwise is an outrage against national sovereignty.*

APRE deputy Frank Vargas Pazzos, with his command voice—very military in style—becomes very impassioned over the subject of the conversation. He does not like the constitutional reforms, nor the way it is proposed they be passed.

Constantly moving about and restless, Vargas is emphatic in saying that there should be a broad and open debate. He does not think that the state should lose control of Social Security. He is willing to fight in the streets.

[EL COMERCIO] There seems to be initial agreement between the government and Congress to approve the pending reforms. What should be the position of Congress?

[Vargas] I was not invited. I believe that one of the most important debates the country could have is being limited in a miserable way.

Such restricted agreement does not accomplish anything. It only increases the influence of the dominant parties. Internal debate in Congress and another throughout the country are necessary.

[EL COMERCIO] What do you object to in the report of the Commission on Constitutional Affairs?

[Vargas] The agreements are conditioned by considerations of power in the country. The great objectives are being neglected. An example is article 46 of the constitution, on strategic areas.

In the administration of resources, concessions are as harmful as the privatization of those sectors.

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We have experience of that in Ecuador: petroleum exploitation in the Peninsula, which left behind desert and poverty, after years of exploitation.

[EL COMERCIO] But they are talking about a midpoint, between what the Executive and Congress are seeking.

[Vargas] No. they are undermining national sovereignty, development, democracy, social peace, with this limited debate. I believe that the least that any Ecuadorian who loves his country must demand is a debate that would explain the benefits that these reforms will bring.

[EL COMERCIO] What should be reformed in Social Security?

[Vargas] I think that, from the point of view of efficiency, there should be reforms of the system, but without the state losing control of these vital areas.

What needs to be reformed is political clientelism, which is the source of the problems. A national doctrine should be created.

[EL COMERCIO] Apparently, the objective is to obtain the 52 votes.

[Vargas] In the democratic system, there is what is called the dictatorship of the vote. We must accept it. However, that is not all there is.

Let them show proof that what they are proposing is good.

There are failed examples of what they are proposing, and they do not even intend to bring them forward.

One of these is the Ecuadoran Aviation Company.

[EL COMERCIO] And if the 52 votes are already there, what can be done?

[Vargas] Everyone has the right to fight for their rights. If it is not possible to fight in Congress, I will continue in the streets.

[EL COMERCIO] What has the so-called Patriotic Bloc done to stop passage of the reforms as proposed? Santiago Bucaram says that there are 23 votes.

[Vargas] I have not spoken with any party. I expect to do so if circumstances require it.

[EL COMERCIO] But how does one take part in the negotiations?

[Vargas] Let us not speak of negotiations, because it seems to be a matter of business, rather than of principles and higher purposes.

What is important here is to respect the law and to create conditions to administer honestly the nation's interests. That is not a business; what we have here are responsibilities, goals, and objectives. The interests of the community cannot be determined by the negotiation of 52 or more votes.

Electoral Board Head Describes Reforms

95SM0301C Quito EL COMERCIO in Spanish 15 Apr 95 p A3

[Interview with TSE vice president Medardo Oleas; place and date not given: "The 1996 Elections Will Be Different"]

[Text] *Reelection and the candidacies of independents will change the Ecuadoran political system. The reforms will take effect starting with the next elections, in 1996. The Supreme Electoral Tribunal [TSE] is preparing the reforms. It is proposed, for example, that an independent candidate for any office will have to have four percent of the corresponding voter registration. But he will have the same rights as candidates of parties.*

The TSE is preparing for the 1996 elections. These elections are going to be different.

For the first time since the approval of the constitutional reforms, independents will run for office, and office holders will be able to be reelected, except for the president and the vice president (they can be elected after an intervening term).

How is the TSE getting ready for the election? It has been working for the past three weeks on the draft of a reform of the Elections Law and its regulations. It will thus make possible the participation of independents and the reelection of government officials. The TSE expects these potential new candidates to fulfill the same requirements as those who are affiliated to a political party, so they will take part under equal conditions. In a few days, the TSE's recommendations will be forwarded to Congress for its review. The vice president of the TSE, Medardo Oleas, revealed the details of the recommendations.

[EL COMERCIO] What requirements will independents have to fulfill in order to register as candidates?

[Oleas] We are recommending that they have the signatures of four percent of the registered voters in the jurisdiction where they will be candidates. So that, if a citizen wishes to be a candidate for mayor of Quito, he will have to present the signatures of four percent of the registered voters of the capital city. If for prefect of Guayas, signatures of four percent of the voters of the province. If he is a candidate for president of the republic, the signatures of four percent of voters nationwide—but of at least ten provinces, including two of the three most populous.

[EL COMERCIO] Will independents have the same rights as those affiliated with a political party?

[Oleas] Yes. For example, we will try to assure that independent candidates have the right to challenge, to appeal—that they be kept informed during the electoral process, and that copies of election returns be delivered to them, as well as other rights. The Ecuadoran electoral system functions on the basis of the vigilance exercised

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by the participants in the electoral process. We are also proposing that, during the voting and scrutiny of ballots, they be allowed to appoint their representatives to the monitoring boards. And that afterwards, they be able to request a certified copy of the election results. We want this regulation to be extended to natural persons, to independents.

[EL COMERCIO] Will independents be able to use some name or symbol to identify themselves?

[Oleas] We are recommending that. Once a candidate is registered, the TSE will give him a sequential and progressive number. They will be able to use this during the political campaign. It will be printed on the balloting material. Confusion can thus be avoided.

Also, we will ask the National Congress to allow us to design the form and not require us to place full names on multiple lists.

We do not know yet how many candidates there will be. Suppose that there are 100; it would be absurd to use the current design with full names.

With a symbol or a number, we will be dealing with practical documents, which will not confuse voters.

[EL COMERCIO] And what will be used for single-person lists?

[Oleas] The candidate's photograph.

[EL COMERCIO] What will happen with campaign expenses? Will the TSE approve them liberally?

[Oleas] This is a very complicated subject. Whoever receives state funds—this is the TSE's position—must be subject to review by the Comptroller's Office. In the case of independents, a sworn declaration of all contributions and donations that they receive would be required. This would prevent funds coming in from drug traffickers.

[EL COMERCIO] Are there any innovations in particular regarding reelection?

[Oleas] We are recommending that office holders not resign six months before the election, as they do now. They could request leave without pay so that, if they do not win, they do not also lose their jobs.

[Box, p A3]

What Will Happen in Congress

When the constitutional reforms were approved permitting reelection and the candidacy of independents, controversy developed in Congress regarding their regulation.

One sector in Congress maintained that the changes should be regulated (in part) by the constitution. Another sector—which eventually won—favored the inclusion of all the details in the law.

Now, the path may not be easy for the proposed law on this subject, forwarded by the TSE, to take effect. There are elements in the law that ran into opposition in Congress in the past; for example, that an independent candidate have signatures of four percent of the electorate. Nevertheless, Congress will have to overcome these obstacles. The elections are near, and the electoral process must be regulated with transparency.

Paraguay

Envoy to U.S. Confirms Possible Terrorist Threat

PY0105170495 Asuncion ULTIMA HORA in Spanish 28 Apr 95 p 6

[FBIS Translated Text] Paraguayan Ambassador to the United States Jorge Prieto Conti has talked over the phone from Washington with ULTIMA HORA, fully confirming the substance of a meeting between President Juan Carlos Wasmosy and foreign agency correspondents to announce the existence of an alleged terrorist plan that includes Asuncion as one of its targets.

The ambassador said that we should not be naive and must take the matter seriously, because our country is not free from the threat of disasters such as those that recently shook Oklahoma and Tokyo, where extremists and religious fundamentalists caused collective panic.

Prieto Conti recalled the tremendous attack on the Argentine-Israeli Mutual Association (AMIA) in Buenos Aires, Argentina, on 18 July 1994, which killed over 100 people.

The ambassador said that the military attache to the Paraguayan Embassy in Washington had received a threat of an alleged terrorist plan involving attacks with chemical and bacteriological agents, adding that the warning was fully confirmed by other diplomatic missions in the United States.

Prieto Conti said that as soon as he learned of the threat he contacted his colleagues and U.S. State Department officials, adding that the issue has been discussed with great interest since last December's Miami summit. The ambassador added that one of the commitments signed by the 24 presidents of the Americas involves efforts to eliminate terrorism in this area of the world. "We do not have any additional information at this time. I am in contact with my colleagues to see what kind of information they can get. We had very serious incidents here lately. We must not be naive, and must always remain aware, just in case," the ambassador said. Prieto Conti emphasized that we must pay careful attention to this case, particularly in view of what happened in Oklahoma, where the powerful explosion of a car bomb killed 100 people and sent hundreds more to hospitals. The latest provisional report points out that 130 individuals are still missing. The ambassador also recalled the sarin gas attack on the Tokyo subway and other Japanese cities.

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Danger to Democracies

"Terrorism is a consequence of intolerance and savagery. It is emerging as a threat against democratic societies now that the Cold War has ended. We must pay a lot of attention to this matter.

"The events in Tokyo and Oklahoma are a call to attention.

"We have witnessed terrifying scenes," Prieto Conti said.

Asked if events like those could occur in Asuncion, Prieto Conti said that there had been two grave attacks against the Jewish community near us, in Buenos Aires, in the recent past.

Central Bank Issues Communique, Admits Funds Missing

PY2804152495 Asuncion ABC COLOR in Spanish 26 Apr 95 p 10

[FBIS Translated Text] In a communique issued last night, the Paraguayan Central Bank board of directors admits that funds are missing. This confirms a report by Deputy Luis Alberto Mauro to the Bicameral Investigative Commission.

The communique notes: "Following an internal audit, which was ordered by the board of directors, it was discovered on 24 April that significant quantities of cash are missing from the Cashiers and Banks (Local Banks Fund) section of the Sub Treasury of the Central Bank."

The communique adds that the official directly responsible—without supplying any name—for this section has admitted that funds are missing to the tune of 7,870,876,582 guaranies, and that this incident was reported to the National Police yesterday.

The board of directors ordered administrative proceedings to internally investigate the incident as soon as possible. The board of directors appointed a person who will act as a judge, to hear testimonies of Treasury officials and others who will testify.

The communique was issued last night. It states that yesterday the board of directors ordered a full audit of the Treasury. It will be officially recorded by the government notary general.

Even though the communique does not explain who is responsible for this unlawful action, it is appropriate to point out that the Treasury comes directly under the general manager's office. Carlos Aquino Benitez is the general manager.

Thus, the report supplied by Deputy Luis Alberto Mauro to the Bicameral Investigative Commission has been confirmed. That commission will intervene the Paraguayan Central Bank today to conduct its own investigation.

Peru

New Cooperation Program Agreed Upon With EU

PY2804150295 Madrid EFE in Spanish 0351 GMT 28 Apr 95

[FBIS Translated Text] Lima, 27 Apr (EFE)—EU representative Sabatto Della Monica reported here today that the EU will continue to cooperate with Peru through a support program to be implemented between 1995 and 1997.

Della Monica said the EU and the Peruvian Government recently outlined the guidelines for the three-year program, including special support for the social area in an effort to fight poverty.

In remarks to the ANDINA news agency, he said the new program seeks to strengthen the food security policy and the development of human resources.

He added that the EU will support the modernization and democratization policies Peru has been implementing, "placing special emphasis on the business sector, which is the pillar of our future development."

He said $180 million were earmarked for the three-year cooperation program that ended late in 1994.

Political Violence Statistics for Feb 1995

95SM0282A Lima REPORTE ESPECIAL/DESCO Feb 95 pp 3-4

[Report by the Center for Development Studies and Promotion, DESCO]

[FBIS Translated Text] The number of subversive actions in the month of February was down by 30 percent from the January figure. On the other hand, the figures on the number of deaths were up by 25 percent over the figure for that same month.

In absolute figures, there were 20 attacks resulting in 33 deaths in the month of February.

The area with the largest number of subversive actions was that of the Selva Regional Committee, where there were 8 attacks (40 percent).

All of the actions involved incursions and ambushes carried out by columns of the Sendero Luminoso [Shining Path] in various locations in Alto Huallaga. These events occurred in the province of Leoncio Prado in the department of Huanuco.

The Shining Path has become active again in this zone, taking advantage of the transfer and mobilization of the Army troops specializing in the antisubversive struggle to the zone of conflict with Ecuador.

Lima ranked second with seven subversive attacks (35 percent). In the capital city, presumed subversive elements carried out three acts of sabotage in two low-income districts and in the Cercado zone against public bodies. On the other hand, four National Police agents were attacked.

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The zones of the Principal and Norte Regional Committees were tied for third place in terms of the number subversive actions. Two assaults (10 percent) took place in each of these areas.

In the Principal region, presumed subversive elements made one incursion into the village in the La Mar province of the department of Ayacucho, and another into a district in the city of Huamanga.

Where the Norte region is concerned, groups of Senderists distributed fliers and placed red banners in the central districts of the city of Huaraz. In addition, a Senderist who had been taken to the Picsi prison in Chiclayo managed to escape from his guards.

Finally, the area of the Centro Regional Committee ranked last, with only one attack (five percent). A group of Shining Path members distributed propaganda near a chapel, as well as in the nearby slums, in the Ocopilla district of the city of Huancayo.

In terms of victims, the area of the Selva Regional Committee again ranked first, with 27 deaths (84 percent).

There were 23 civilian deaths. Most of the victims were rural patrol members and settlers who had been affiliated with the "support bases" of the Sendero Luminoso and had taken advantage of the amnesty for those who "repented."

In an ambush in this same province of Leoncio Prado, three presumed Senderists and a soldier died.

There was a tie for second and last place between the area of the Principal Regional Committee and the city of Lima, which had three victims (eight percent) each.

The three individuals killed in the capital of the Republic were National Police agents selectively assassinated by presumed members of the Shining Path.

Two of the victims were policemen in the districts of El Agustino and San Juan de Lurigancho.

On the other hand, a National Police major serving in the National Intelligence Service was assassinated in the district of Miraflores. Another police officer, also a major, was similarly attacked in the Cercado zone, but was merely wounded.

In the Principal region, three civilians were murdered in the provinces of La Mar and Huamanga in the department of Ayacucho. It appears that those responsible for these assassinations were the hooded individuals involved in the two assaults in this region.

And, finally, a tractor driver who was being held at the police station at Juliaca on charges of terrorism was found dead in his cell in the province of San Roman in the department of Puno.

The breakdown of terrorist attacks by region in the month of February was as follows: Selva—40 percent, Lima—35 percent, Centro—5 percent, Norte—10 percent, and Principal—10 percent.

Selva had 82 percent of the victims in February 1995, while Lima and Principal each had 9 percent.

The breakdown for the total number of assaults on victims by region in February was as follows. In Lima, where there were seven attacks, three policemen were killed. In Selva, which had eight attacks, 23 civilians, 3 subversive elements, and 1 soldier died. There were two attacks in Principal, and three civilians were killed. There were two attacks in Norte, but no deaths. In Centro, there was one attack and no deaths. In the total of 20 attacks, 33 people died. This number included 26 civilians, three subversive elements, three policemen, and one soldier.

Uruguay

Economy Minister Wants 'Stable Macroeconomic Atmosphere'

PY2804140495 Buenos Aires TELAM in Spanish 1651 GMT 27 Apr 95

[FBIS Translated Text] Montevideo, 27 Apr (TELAM-SEM)—Uruguayan Economy and Finance Minister Luis Mosca today confirmed the government's goal of keeping inflation down to 35 percent in 1995. He also confirmed his main goal of achieving a stable macroeconomic atmosphere.

Mosca noted that a stable macroeconomic atmosphere allows economic agents "to make decisions within a framework of minimum insecurity."

Mosca noted: "When there are troubles in our region, we must clearly identify the way in which economic activities develop, long-term trends, and the specific nature of any shocks [preceding word in English] that these economic activities may receive."

In the short-term, Mosca added: "We quickly sought to streamline public finances because we believe the regional situation forces us to act" because "prudence is the best way to implement a program."

Mosca mentioned Uruguay's huge neighbors (Argentina and Brazil). He noted that recent reports make him more enthusiastic about "the course of these two neighboring economies."

The minister said the government's goal involves a 35 percent inflation rate in 1995, reducing the fiscal deficit which totalled 3 percent of the GDP in 1994, and curbing the public sector deficit.

The Uruguayan economy and finance minister also announced direct subsidies to help the poorest sectors achieve the basic requirements.

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